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Moscow, Israel Set Exchange

Visits Are Seen As Step Toward Renewal of Ties



A Soviet guard outside the U.S. Embassy in Moscow.

U.S. Now Said to Doubt All Its Codes in Moscow

WASHINGTON — State Department sources Wednesday described as "a worst-case scenario" a report that a suspected Marine Corps spy ring at the U.S. Embassy in Moscow allowed the Soviet Union to intercept and read virtually all coded embassy messages to Washington for as long as a year.

TEL AVIV — Israel said Wednesday that it had agreed to exchange official visits with the Soviet Union amid signs of rising emigration for Soviet Jews and efforts by Moscow to enter the Middle East peace process.

Israeli officials said each country would send a delegation to survey its properties in the other and look after its citizens. The officials said both nations hoped the step would lead to a renewal of ties severed by Moscow during the 1967 Arab-Israeli war.

"A Soviet delegation will come to Israel and an Israeli delegation to the Soviet Union, there is no doubt about that," said Israel's ambassador to the United States, Meir Rosenne. Israel Radio said the Soviet group could arrive in two weeks.

"There is certainly a Soviet interest in renewing relations with Israel, but Israel also has an interest that the Israeli flag be planted soon in Moscow," Mr. Rosenne said on Israel Radio.

Soviet officials offered no immediate comment, but foreign diplomats in Moscow said it was unlikely the Kremlin would agree to an exchange of visits unless Israel moved toward accepting an international Middle East peace conference.

Prime Minister Yitzhak Shamir of Israel, leader of the rightist Likud bloc, favors only direct talks with Arab countries.

Foreign Minister Shimon Peres, leader of the Labor Party and Mr. Shamir's partner in the coalition government, advocates a conference as a prelude to direct talks with Arab countries.



The pope is escorted by President Julio Maria Sanguinetti after his arrival in Montevideo.

Pope Calls Chile Regime 'Dictatorial,' Backs a Strong Church Role on Rights

By Roberto Suro New York Times Service MONTVIDEO — Pope John Paul II has bluntly labeled the Chilean government of President Augusto Pinochet "dictatorial" and insisted that the Roman Catholic Church must struggle to bring democracy to Chile.

Britain Warns Japan on Trade; Talks Set in U.S.

By Warren Gledler International Herald Tribune LONDON — Japan's ambassador to Britain was summoned Wednesday to the Department of Trade and Industry and warned that the British government is considering retaliating against what it considers to be unfair Japanese trade practices.

Measures being considered include the barring of Japanese banks and securities firms from Britain's lucrative securities markets, one British official said.

According to a senior embassy source, Ambassador Toshio Yamazaki was told by Paul Channon, the trade and industry minister, that Britain was "gravely concerned" about British-Japanese relations.

Mr. Channon, the source said, told the Japanese envoy that he wanted to see a "prompt" resolution of a telecommunications dispute involving Cable & Wireless PLC, a British company attempting to set up a joint venture in Japan, and to see greater liberalization of the Japanese financial markets.

The British warning was issued against a backdrop of increasing tensions between Japan and its principal trading partners, primarily the United States. In one illustration of the growing intensity of the dispute, a senior U.S. senator, Patrick J. Leahy, accused Japan on Wednesday of "lying and cheating" in its trade relations.

"The Japanese, not to put too fine a point on it, have lied, cheated and otherwise misused tariff legislation, theirs and ours," the Vermont Democrat said in a speech to the National Cattlemen's Association.

In an attempt to defuse the issue, a Japanese delegation arrived in Washington on Wednesday to prepare the way for emergency talks there on a dispute over trade in semiconductor chips, in which Japan faces new U.S. duties totaling \$300 million.

Japan's former foreign minister, Shintaro Abe, also will go to Washington this month in an attempt to smooth things over. He will be followed by Prime Minister Yasuhiro Nakasone, who is to visit President Ronald Reagan on April 30.

While this weekend's talks are aimed at defusing the wider trade crisis between the two nations, U.S. officials have said it was unlikely that the proposed sanctions would be suspended.

Commerce Secretary Malcolm A. Baldrige said Tuesday that there would be "no last-minute reprieve" from the tariffs.

"That doesn't mean that you couldn't come to some resolution," B. Jay Cooper, a spokesman for Mr. Baldrige, said Wednesday.

Meanwhile, a British trade official said that a "full range" of retaliatory options against Japan would be presented to Prime Minister Margaret Thatcher at a cabinet meeting on Thursday after Japan's refusal to allow Cable & Wireless a larger role in a consortium seeking

See CHIPS, Page 15

Reagan Veto On Highways Is Sustained

United Press International WASHINGTON — The Senate voted Wednesday to sustain President Ronald Reagan's veto of an \$88 billion highway bill. The veto and the attempt to override it were seen as a major test of the president's power.

The chamber's Democratic leadership, however, moved for reconsideration of the measure, raising the possibility of a second vote.

The Senate vote was 65-35, two votes short of the two-thirds margin needed to override the presidential action. The House voted, 350-73, Tuesday to override the veto.

Senator Terry Sanford of North Carolina, the only Democrat to vote against the highway bill last month, was the crucial figure in a confusing sequence of events that surrounded Wednesday's tally.

At first he voted "present," a move that left the count at 66-33 in favor of the override. But moments later, Mr. Sanford switched his vote to "no."

The Senate's parliamentary announced later that if Mr. Sanford had left his vote as "present," the override would have been successful by a 66-33 vote.

As it became clear that Mr. Reagan had won, the Democratic leader, Robert C. Byrd of West Virginia, changed his vote to "no" in a procedural maneuver that enabled him to move that the vote be reconsidered. Senators must be on the prevailing side to move for reconsideration.

The Senate then began debate on the motion to reconsider. It was not clear how soon, or even whether, a second vote would be taken.

"In my view it's over," said the Senate Republican leader, Bob Dole, of Kansas. "We won fair and square."

President Reagan, who was leaving Washington after the vote for a trip to Philadelphia, raised his hands in a victory salute. He said the news "sounded good. I don't know what may happen with the procedure that is going on now. I'm very pleased, but it still isn't final."

Over the next five years, the \$88 billion highway measure would have financed more than 120 local projects in the 50 states. It also included money for mass-transit projects.

Mr. Reagan opposed the bill on the ground that it was a "budget-buster" and "pork-barrel legislation" designed to benefit the districts of prominent congressmen.

He said he would submit an alternative that would eliminate at least \$10 billion in expenditures while retaining a provision in the defeated bill that would raise the speed limit on rural stretches of road.

See VETO, Page 6

Kiosk

Chirac Assured On U.S. Policy

WASHINGTON (WP) — Prime Minister Jacques Chirac of France said Wednesday that his meetings here convinced him that the need to safeguard European security in any U.S.-Soviet arms pact was "very much on the minds" of President Ronald Reagan and other U.S. officials.

"I don't think there will be any problem on this subject," Mr. Chirac said. He was referring to assurances given him by Mr. Reagan that any accord to remove medium-range missiles from Europe would include the right of NATO to install a force of shorter range missiles equal to those of the Soviet Union.

Now scientists agree: Cigarette smoking is harder to give up than heroin.

Page 7

GENERAL NEWS

■ Solidarity urged a strike over Poland's announced price increases. Page 2.

■ Despite the New Jersey court ruling on Baby M, surrogate motherhood contracts are still in a legal limbo. Page 3.

■ The Soviet Union has asked the West to cooperate against international terrorism. Page 2.

■ Prime Minister Bob Hawke ruled out early elections in Australia, saying they would set back economic recovery. Page 5.

BUSINESS/FINANCE

■ Major U.S. banks joined Citibank in raising their prime rate to 7.75 percent. Page 11.

■ IBM prepares to introduce the "clone killers." Page 11.

Videotape Attacks Mrs. Gorbachev

By Philip Taubman New York Times Service MOSCOW — Mikhail S. Gorbachev's wife, Raisa, and her Western wardrobe are the subjects of a critical underground videotape circulating in Moscow, according to Muscovites who have seen the film.

The tape, a compilation of film images of Mrs. Gorbachev buying and wearing a variety of fashionable clothing and jewelry, depicts her as an extravagant, vain woman and seems clearly intended to make her the object of scorn.

The origin of the tape is unknown. Its appearance in recent weeks has troubled a number of Mr. Gorbachev's aides, who believe it may be part of a campaign to undermine confidence in the Soviet leader.

Mrs. Gorbachev, the first wife of a Soviet leader to play an active public role, has stirred intense debate and considerable resentment in a society unaccustomed to having a visible first lady.

In what appears to be an intentional effort to provide a new role model for Soviet women, Mrs. Gorbachev has stepped out from the shadow of her husband to carve out an independent identity

as a patron of the arts, literature and fashion. One viewer said the tape showed Mrs. Gorbachev signing an American Express card receipt for an expensive selection of jewelry.

When Mr. Gorbachev visited London in December 1984, before becoming the Soviet leader, Mrs. Gorbachev reportedly made a number of purchases with an American Express Gold Card.

Some of the footage, according to people who have seen the film, looks as though it was taken by a hidden camera, prompting suggestions here that the tape was made by either Western intelligence services or the KGB, the Soviet security agency.

Some Russians suggested that the tape was intended to undercut Mr. Gorbachev's same way stories of corruption at the Moscow Circus once ended the image and authority of Leonid I. Brezhnev, the Soviet leader from 1964 until his death in 1982. His family had links to the circus.

The accounts about the circus in the early 1980s were widely believed to have been orchestrated by the KGB to help its chief, Yuri P. Andropov, flex his power and serve notice on the leadership that he



Raisa Maximovna Gorbachev at the U.S.-Soviet summit meeting in Reykjavik in October.

Facing a Rising Tide of Refugees, Western Europe Bails Out as Haven

Belgium Imposes Strict New Curbs on Asylum-Seekers

By Peter Maass International Herald Tribune BRUXELLES — Belgium's 20-year-old Ramin, a 20-year-old Iranian seeking political asylum in Belgium, timidly rolls up a sleeve of the borrowed sweater he is wearing. He points to a fresh scar that stretches across his left wrist, the jagged mark of a failed suicide attempt.

After several days of detention at the Brussels airport, Ramin tried to end his life March 4, shortly after being told by immigration officials that he would not be permitted into Belgium. Fearing a return to Iran, Ramin slit his wrist with scissors.

Ramin was one of an estimated 80 refugees detained on arrival at the Brussels airport last month, and at least six of them tried to commit suicide. The sequence was the same: a threat of deportation, fear of retribution back home, suicide.

"I saw the car waiting to take me away to the plane," Ramin said in this small town, where he is staying in a private

Swiss Debate Whether 'Lifeboat' for Exiles Is Really Full

By Thomas Netter International Herald Tribune GENEVA — Amid a rising tide of Third World refugees, the Swiss began voting Monday in a nationwide referendum on government plans for more restrictive refugee policies that have provoked a passionate, often bitter debate over whether the refugee "lifeboat" is really full.

In a debate that reflects growing government concern throughout Western Europe over a rise in asylum-seekers, Switzerland is seeking electoral approval of its policy to tighten asylum laws. The vote on the referendum ends Sunday.

The government's proposals would speed up lengthy and complex procedures, require asylum-seekers to enter the country at 25 designated crossing points, and allow the government to restrict entry during times of "armed conflict or international crisis."

The new laws on Asylum would tighten a liberal legal code in force since 1979. Proponents say the measures are necessary to stem a growing flow of so-called

"false," or economic, refugees seeking a new life in Switzerland for personal or economic reasons, as opposed to refugees who fear political persecution.

But critics of the measures say they would end the concept of asylum, and even worse, throw Switzerland into shameless and heartless indifference toward victims of politically intolerant governments.

"Is the boat full?" is a question asked increasingly in the media, and by politicians and advocates and opponents of the law. The phrase is from the title of a 1970s film that criticized Switzerland for failing to accept all Jewish refugees during World War II, an era many Swiss would like to forget.

"The boat is not yet full, but psychologically it is," said Elisabeth Kopp, the minister of justice and police.

The official government position, presented by Mrs. Kopp in numerous public appearances, is that only tighter asylum laws can safeguard Switzerland's tradition of granting refuge to those who really need it.

See ASYLUM, Page 6

Soviet Union Asks West to Cooperate Against Terrorism

By Paul Lewis
New York Times Service

PARIS — The Soviet Union has asked several Western governments to cooperate with it in fighting international terrorism and has suggested that they negotiate extradition treaties providing for the return of terrorist suspects, according to French and other diplomats.

Over the last few weeks, these sources said, the Soviet Union has made such proposals to France, Britain, West Germany and most other major Western countries. The United States reportedly has not been approached directly but has been told about the Soviet moves both by the Soviet authorities and by Western allies.

On each occasion Soviet officials have stressed that Mikhail S. Gorbachev's government is strongly opposed to terrorism and to any government that supports it.

On several occasions, the Soviet officials have suggested negotiating extradition treaties that would oblige a country to return citizens of the other country wanted for terrorist offenses, although what the Soviet government perceives as terrorism may not coincide with the views of other nations.

Western diplomats pointed out, for example, that the Kremlin offi-

cially regards the anti-Soviet Afghan guerrillas as terrorists.

The diplomats said this is the first time the Soviet Union has begun what appears to be a concerted diplomatic campaign to convince Western governments that it disapproves of terrorism and is ready to cooperate in combating it.

Western governments have responded cautiously to the Soviet overtures so far, officials in Paris report, saying they want concrete evidence that Moscow has changed its attitude toward terrorist movements. The United States has frequently accused the Soviet Union and its close allies of assisting terrorist groups in the past.

Western diplomats also feared that the Soviet authorities might try to use extradition treaties with the West to seek the return of dissidents who have gone to the West and other opponents of the Soviet government.

As a result, several Western governments have told the Soviet Union to demonstrate its sincerity by using its influence with Colonel Moammar Gadhafi, the Libyan leader, to curb his country's reported support for terrorists.

France has also asked the Russians to use their influence with Syria to bring about the release of French hostages believed held by Moslem militants in Syrian-controlled areas of Lebanon.

So far, Western officials said they have had no positive response from the Soviet Union on either Libya or Syria.

Soviet citizens abroad have not been immune to terrorism. Four Soviet diplomats were abducted in Lebanon in October 1985. One was killed and the others eventually were freed.

The Soviet campaign has not been confined to Western governments. At a private meeting in Rome on March 11 and 12, Vladimir P. Suslov, head of the Second European Department of the Soviet Foreign Ministry, told a group of former ministers of both industrial and developing countries that the Soviet Union is firmly opposed to terrorism and to those who support terrorism, according to participants.

Mr. Suslov spoke at a meeting of the policy board of the Inter-Action Council, a body of retired officials led by former Chancellor Helmut Schmidt of West Germany. The group meets regularly to review international affairs and make recommendations to world leaders.

The policy board was preparing for the next meeting of the council, to be held in Kuala Lumpur, Malaysia, late this month, when the 30 members of the council are to discuss international terrorism.

Irish Budget Asks Severe Cuts in Public Spending

Reuters

DUBLIN — Ireland's new minority government has introduced an austerity budget that cut public spending across the board.

Faced with a national debt that has doubled in the past four years, Finance Minister Ray MacSharry warned: "Conditions are extremely difficult and there is no room for soft options."

The budget was presented to parliament Tuesday just three weeks after the leader of the Fianna Fail party, Charles Haughey, scraped back into power after failing to win an overall majority in last month's general election.

The election was called because four Labor Party ministers walked out of their coalition government with the Fine Gael party to protest proposed budget cuts.

Mr. MacSharry offered even tougher economic measures in his budget, with public spending cuts of more than 300 million Irish pounds (\$443 million). He imposed a wage freeze on civil servants, insisting that any new public service jobs had to be cleared by him.



PRIESTS PROTEST — Greek Orthodox priests and supporters chanted slogans during a demonstration on Wednesday in Athens against a government bill to allow

the state to seize control of about 370,000 acres of church land valued at \$19 million. The government says that it will distribute the land to poor farmers.

Solidarity Calls for 'Decisive' Strike on Increases

United Press International

WARSAW — The steering committee of the outlawed Solidarity trade union called on workers Wednesday for a "decisive" strike against the latest price increases in Poland.

"We are calling upon all factory branch organizations of the union, union members and all working people for a decisive strike," said a statement released by Solidarity's "temporary coordinating committee," whose chairman is Lech Wasila, the Nobel Peace Prize laureate.

The committee is made up of Solidarity representatives, some of them underground leaders, representing 11 regions in the country.

The statement, dated March 31, did not suggest when workers should go on strike.

"It is necessary to say 'enough' to the committee statement said. "The strikers ought to start with a demand for immediate compensation for the price increases. At the same time, we are demanding a constant inflation bonus to make wage increases proportional to increased living costs."

The statement called on union branches to coordinate the strike, provide assistance to workers who

go on strike and ensure public opinion is kept informed.

It said it had decided to call for a strike "in order to safeguard the standard of living of Polish families" and to protest price increases as the mainstay of economic reform.

The price increases announced by the state-run news media over the weekend were described by the government as an "economic necessity." Staple food prices were raised on Sunday by amounts ranging from 10 to 25 percent.

The increases also include higher

prices for fuel, postal services and public transport.

Jozef Finior, a Solidarity leader in Wroclaw, said Wednesday that workers at the Lublin Building Enterprise in south-central Poland had gone on strike Saturday demanding a wage increase.

He said that that police had arrested one of the strike leaders, Jacek Ty.

It was not clear whether they were still on strike. Workers at a farming cooperative in Tomaszow Lubelski, also in south-central Po-

land, had also demanded a wage increase, he said. Their director had promised them an increase in two weeks.

There have been regular price increases since General Wojciech Jaruzelski came to power in 1981. Price increases followed by rioting in 1970 and 1980 toppled two of his predecessors.

Solidarity said its call for a strike had been decided at a special meeting of union leaders, a number of whom were released in an amnesty for political prisoners in September.

Confidence Vote Asked in Italy Crisis

Reuters

ROME — President Francesco Cossiga announced Wednesday that he would send the outgoing government of Prime Minister Bettino Craxi back to Parliament for a vote of confidence.

A five-party coalition led by Mr. Craxi resigned March 3, and Mr. Cossiga has struggled unsuccessfully for a month to find a way of creating a new government and averting early general elections.

The announcement Wednesday

rejected the resignation and had invited the government "to present itself in Parliament."

There was confusion among political analysts about what would happen next. But they said there was a strong chance that the majority Christian Democratic Party, whose dispute with the Socialists is the main cause of the crisis, would withdraw its ministers from the government when it appears in Parliament.

The Christian Democrats are determined that if elections become

inevitable Mr. Craxi should not have the advantage of running the country during the electoral campaign.

By withdrawing their ministers, they could ensure the formation of an administration that merely had the job of running the elections.

A no confidence motion proposed by the opposition Communists is already pending in Parliament. Mr. Craxi was strongly criticized by the opposition for resigning without presenting his government for a vote.

Mr. Craxi's resignation came after a bitter dispute with the Christian Democrats over the majority party's demand that after three-and-a-half years in power he should hand over the prime ministership to them.

Since then a new dispute over referendums due in June on nuclear energy and legal reform, which the Socialists support and the Christian Democrats want to avoid, has blocked attempts to reconstruct the five-party coalition. The coalition also included the Social Democrats, Liberals and Republicans.

Mr. Cossiga's first attempt to invite the crisis was the nomination of a veteran Christian Democrat, Giulio Andreotti, as prime minister-designate. Despite his negotiating skills, Mr. Andreotti failed during a two-week effort to break the deadlock between his party and the Socialists.

Mr. Cossiga then nominated a Communist parliamentary speaker, Leonilde Iotti, to mediate. She said Tuesday that there was still room for a solution, within the framework of the five-party formula, that could stave off elections.

However, soon afterward, in a keynote speech opening his party congress in Rimini, Mr. Craxi made it clear that the Socialists had not dropped their insistence that the referendums be held.

Faced with a continuing deadlock, Mr. Cossiga has evidently decided that he has no choice but to send Mr. Craxi back to Parliament.

This will force the parties of the outgoing coalition and other groups in Parliament to make their positions clear in public.

Premature general elections, which could be held as early as May 31, have been predicted ever since Mr. Andreotti's failure.

But while the coalition parties continue squabbling, they all say they do not want the poll and favor a rebuilding of their alliance.

WORLD BRIEFS

CIA Is Accused of Honduran Bribery

TEGUCIGALPA, Honduras (AP) — A former Honduran military chief has alleged that the U.S. Central Intelligence Agency has bribed Honduran politicians to continue to support U.S. aid to the rebels fighting the Nicaraguan government.

General Walter Lopez Reyes also said Tuesday that the rebels, or contras, have been involved in numerous assassinations and disappearances in Honduras. There was no immediate comment from the Honduran government.

Honduras is an important U.S. ally in Central America. The contras operate from bases in southern Honduras in their effort to overthrow the Sandinist government in Nicaragua.

Bonn Frees East German Spy in Swap

FRANKFURT (AP) — West Germany on Wednesday exchanged an imprisoned man who had been an important spy for East Germany for four Bonn agents held by the Communists, the West German ZDF television network said.

Security sources confirmed that Lothar Erwin Lutz, who has been held in a West German prison since his 1979 conviction for betraying NATO secrets, had been sent back to East Germany. Mr. Lutz was handed over to East German officials at the Herleshausen border crossing, ZDF and the sources said.

The sources, speaking on the condition of anonymity, said the four West German agents were part of the planned exchange, although they could not confirm that the East Germans had set them free.

Egypt Proposes Swap With Libyans

CAIRO (Reuters) — President Hosni Mubarak offered Wednesday to swap a military aircraft flown to Egypt by Libyans seeking asylum for three Egyptians in Libya who he said had been involved in a 1985 hijacking.

The national Middle East News Agency quoted Mr. Mubarak as proposing the surprise arrangement in remarks to reporters during a visit to Mansoura, 60 miles (100 kilometers) north of here.

He said Egypt would grant political asylum to the Libyans, believed to number five, who sought refuge here after fleeing in a C-130 transport and a helicopter in two separate incidents last month. He disclosed that three Egyptians now in Libya had been involved in the 1985 hijacking of an EgyptAir 737 to Malta in which 60 people died when Egyptian commandos stormed the plane at Valletta airport.

Duchess's Jewels on Sale in Geneva

GENEVA (Reuters) — Bidders hoping to buy a piece of history are expected to flock into a Geneva saleroom on Thursday when the Duchess of Windsor's collection of jewels goes on sale.

Sotheby's says it expects 1,000 prospective buyers to bid for the 260 pieces, which are gifts from Edward VIII, who gave up the British throne to marry Wallis Warfield Simpson. The sale's proceeds, expected to be about \$7.5 million, will go to the Pasteur Institute in Paris, to which the duchess left the jewels when she died last year.

Sotheby's refuses to give the names of bidders but newspaper reports said they would include Jacqueline Kennedy Onassis, Elizabeth Taylor, Barbara Streisand, Sophia Loren, Joan Collins and Elton John.



A flamingo clip, of rubies, emeralds, sapphires and diamonds to be sold.

2 Shot, Killed in Belgian Holdup Trial

LIEGE, Belgium (UPI) — Two men, one a barrister, were shot and killed during the trial of three persons accused of participating in holdups, a Justice Ministry spokesman said Wednesday. The barrister, Jacques Henry, died in a hospital of bullet wounds. Jose Cokaiko, one of the defendants, was shot dead in the courtroom.

The spokesman said Mr. Cokaiko opened fire with a pistol that his girlfriend had passed to him while he was being escorted to the toilets during a break in the session.

Mr. Cokaiko was hit by fire from state troopers who normally guard detainees in Belgian courts. The Justice Ministry spokesman said it was not clear whose bullets hit the barrister. The three persons on trial were members of a gang of five accused of having staged a number of holdups in 1984 after escaping from prison. Two of them escaped from jail again and are still at large.

For the Record

Beirut international airport, closed since Feb. 1, will reopen before the end of this week. Prime Minister Rashid Karami said in a statement Wednesday. He promised "to take all necessary arrangements to ensure the safety of all travelers."

The Bank of Israel has permitted a special transfer of \$150,000 in private funds to the family of the convicted American spy, Jonathan Jay Pollard, a fund-raiser said Wednesday. Mr. Pollard, 52, pleaded guilty to selling Israel U.S. military information. The U.S. Navy intelligence analyst was sentenced to life in prison.

Thousands of West German farmers crowded into Bonn's main square Wednesday to denounce agricultural reform plans by the European Commission, which is here for talks. The farmers are demanding fair prices for farm produce and guarantees for the livelihood of small farmers.

TRAVEL UPDATE

Lufthansa, the West German airline, started regular services Wednesday from Frankfurt to Washington and also to Riyadh. The four weekly flights to Washington will be increased to five at the end of the month, a statement said. The flights to the Saudi capital will be twice weekly.

France's Air Inter canceled 20 domestic flights and Air France reported some delays in its international services Wednesday on the first day of a 90-minute daily strike by Paris air controllers. They are striking from 6:30 to 8 A.M. for an indefinite period. The controllers contend that management is trying to impose a return to a 39-hour working week in place of the 32-hour week they obtained in 1979.

Spanish hotel workers in Granada have called a strike over the Easter holidays to coincide with stoppages of gasoline delivery and public transportation. The Communist-led Workers Commissions has called six days of strikes in Andalusia Province, four of them during Holy Week, preceding Easter on April 19, when millions of Spaniards and foreigners go on vacation.

U.S. House Rejects Move to Mark EC Charter

The Associated Press
WASHINGTON — The House of Representatives rejected Tuesday a resolution congratulating the European Community on its 30th anniversary.

In opposing the resolution, congressmen representing farm states

protested what they called unfair trade practices against U.S. farm exports.

The measure would have recognized the signing in March 1957 of the Treaty of Rome, which gave birth to the Common Market, and praised the European Community for developing "the close and mutually beneficial relationship that exists between the United States and Europe."

Such routine House resolutions ordinarily are approved by voice vote. But after a day of lobbying for support to defeat the measure, Representative Frederick L. Grandy, Republican of Iowa, requested a roll-call vote. The 269-147 vote in favor of the resolution fell short of the necessary two-thirds majority.

"A host of import protections and export subsidies," Mr. Grandy told his colleagues, "have enabled the EC to drastically reduce the ability of the American farmer to compete fairly for its share of the world market, depressing prices, causing enormous surpluses and expensive storage problems for the American industry."

He said in a statement that "now is not the time to be sending a bouquet to the Europeans, considering some of their unfair trade practices, which are hurting Iowa farmers and American farmers everywhere."

With support from other farm-state members, Mr. Grandy said that he could not support the bill commending the EC, "whose success has come at the expense of the American farmer."

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U.S. Court Endorses Searches of Some Offices

By Al Kamen
Washington Post Service
WASHINGTON — The Supreme Court ruled Tuesday that public employers do not need a search warrant to search employees' offices for evidence of work-related wrongdoing.

But the justices, unanimously rejecting arguments by the Reagan administration, said employees do enjoy a "reasonable expectation of privacy" in their offices, and especially in personal effects in their briefcases or purses.

The court's 5-4 vote affirmed its first ruling in the area of public employees' Fourth Amendment rights under the U.S. Constitution. It was being closely studied for clues to the court's thinking on the issue of mandatory drug testing for public employees. The Fourth Amendment prohibits "unreasonable searches."

Justice Sandra Day O'Connor, in a plurality opinion joined by three other justices, said that "a search of an employee's office by a supervisor" was justified "when there are reasonable grounds for suspecting that the search will turn up evidence that the employee is guilty of work-related misconduct."

"Searches and seizures by government employers or supervisors of the private property of their employees," she said, "are subject to the restraints of the Fourth Amendment."

Representatives of employees unions were disappointed that the court sanctioned warrantless searches and gave employers broad leeway for searches. But they said language in the opinion appeared to support their opposition to an executive order of mandatory drug testing for some federal employees.

But a Justice Department spokesman, Patrick Korten, said the decision on Tuesday was "modestly good news."

"It recognizes that there is a legitimate employers' interest here," he said. "It gives us some hope that a well-designed, well-conceived drug-testing program might be looked on with favor. We should not judge what the court will ultimately do, but it gives us some encouragement."

The ruling came in the case of a doctor at a state hospital whose locked office and files were searched by officials looking for evidence of alleged misconduct.

The doctor argued that the search violated his Fourth Amendment rights. The hospital, joined by the administration, said he had no "expectation of privacy" in his office and thus no constitutional protection against such searches.

Writing in the case, O'Connor vs. Ortega, Justice O'Connor said that the court rejected the contention "that public employees can never have a reasonable expectation of privacy in their place of work."

"Individuals do not lose Fourth Amendment rights merely because they work for the government instead of a private employer," she wrote. "The operational realities of the workplace, however, may make some employees' expectations of privacy unreasonable when an intrusion is by a supervisor rather than a law enforcement official."

"In the case of searches conducted by a public employer," she continued, "invasion of employees' rights should be balanced against the government's need for supervision, control and the efficient operation of the workplace."



William Stern, the biological father of Baby M, and his wife, Elizabeth, in Hackensack, New Jersey, after a state Superior Court judge awarded them custody of the child.

Surrogate Motherhood: Still a Legal Limbo

By E.R. Slupp
New York Times Service
NEW YORK — The ruling in the Baby M case settled the specific question of who is granted custody of the child, but other courts and state legislatures will continue to face the larger question of whether surrogate motherhood agreements are legal.

A judge in Hackensack, New Jersey, awarded custody of the child on Tuesday to her father, William Stern, and stripped the child's biological mother, Mary Beth Whitehead, of all parental rights. The judge upheld the surrogate mother agreement under which the baby was born.

The decision is significant, legal scholars said, largely because it is the first in the nation to involve a woman who agreed to bear a child and then refused to relinquish the baby.

As W. Marshall Prettyman, an associate professor of law at Seton Hall University, said of the ruling, "It is significant for all the reasons this was a big case, because it's never happened anywhere else before."

witnesses, to determine "the best interests of the child."
In using that standard — or, indeed, in finding that the father would be the better parent, as more courts have done in recent years — Judge Sorkow did not break any new ground. Superior Court is New Jersey's lowest trial-level court, and the value of its rulings as legal precedent is largely confined to cases in the state.

Courts and government commissions not only in the United States but also in Canada, Britain and Australia will continue to examine whether surrogate parent contracts should be permitted.

The attorney in charge of the juvenile-rights division of the Legal Aid Society in New York City, Lenore Gittis, said Tuesday: "What happened today has to have enormous precedential value, qualified by what the appellate courts do, because people are not going to stop wanting children or stop wanting natural children."

Judge Sorkow, although the first to face the situation of having to choose between the two biological parents involved in a surrogacy agreement, is not the first judge to have wrestled with the underlying question of whether the contracts should be outlawed as a matter of public policy.

The highest court to rule directly on the question has been the Kentucky Supreme Court, that state's highest court. The decision was in a case in which the state attorney general was trying to shut a clinic

that brokered surrogacy agreements, on the ground that it was involved in the illegal sale of babies. The court found that nothing in state law prohibited surrogate parent agreements.

In a plurality opinion in the case, Surrogate Parenting Associates Inc. vs. Commonwealth of Kentucky, the court said:

"The advances of biomedical science have carried us forward, willingly or otherwise, into a new era of genetics. If there are social and ethical problems in the solutions of public policy that belong in the legislative domain, not in the judicial, under our constitutional doctrine of separation of powers."

"Short of such legislation, it is not for the courts to cut off solutions offered by science."

Judges in New York, New Jersey, Kentucky and elsewhere have continued to deliberate in a legal limbo, faced with biomedical advances and trying to make them fit into the moldy framework of laws on adoption, custody and the granting of parental rights.

As for the Baby M case, the existence of the contract between Mr. Stern and Mrs. Whitehead has, perhaps, heightened the chances that the appellate courts in New Jersey will consider the appeal that Mrs. Whitehead has vowed to pursue.

heard them testify and has heard from expert witnesses.

"But the contract issue is different," said Jane Spinak, an associate professor at the Columbia University Law School, "and I think that changes the scope of the appeal, mainly because it's an issue of public policy."

Even if the New Jersey Supreme Court ultimately rules in the case, its judgment could be superseded by the legislature.

For now, Mrs. Whitehead has lost all rights as the biological mother. But according to those familiar with children who have been adopted or who have grown up in foster homes, the children almost always want to know their "other family."

"Even when a judge has made a ruling to terminate parental rights," Professor Spinak said, "it doesn't mean that in the long run the child is, in fact, cut off from that other parent or that other set of parents."

"How, over time, the Sterns and that child come to deal with this may have much more to do with what is in the child's best interest than the judge's decision," she said.

Soares Pledges to Help Brazil

The Associated Press
SAO PAULO — President Mario Soares of Portugal arrived here Tuesday for talks with local business leaders. He said his country would help Brazil improve its trade relations with Europe.

Bonn Is Seeking Ban on Surrogate Contracts

The Associated Press
BONN — Health Minister Rita Süssmuth, reacting to a New Jersey judge's decision upholding a surrogate contract, said Wednesday that West Germany was preparing a law to ban surrogate motherhood.

Mrs. Süssmuth said the Health Ministry was drawing up a draft of

the law that it hoped would be adopted by all West German states this month. It would ban surrogate motherhood, the health minister said, and penalize middlemen hired to look for possible surrogate mothers.

She said the law would be intended to protect poor women who might agree to surrogate mother-

hood because of financial considerations.

"The aim of the law," she said, "is to hinder misuse of advances made in medicine and to protect the dignity of needy women and their children against health and psychological dangers both before and after birth."

House Panel Sets Controls On U.S. Aid

The Associated Press
WASHINGTON — The House Foreign Affairs Committee has adopted an extensive package of changes in the U.S. aid program in an attempt to reduce the unauthorized diversion of cash development aid by foreign countries.

The panel approved the changes Tuesday as it worked toward completion of an aid bill that would provide \$11 billion for fiscal 1988, which begins Oct. 1, and a similar amount for 1989.

Proposed by Representative Lee H. Hamilton, Democrat of Indiana, the changes would require that recipient countries set up separate accounts for U.S. aid so the money is not mingled with other funds. The changes also would specify that aid money be used in long-term development projects rather than for routine current spending.

In addition, the measure would limit the State Department's ability to transfer money for purposes other than those specifically authorized by Congress and would institute sanctions against governments caught diverting aid money for corrupt purposes.

One provision would require that at least half the aid money to developing countries that are major recipients be used for such programs as agricultural productivity, health and literacy.

The panel adopted the amendments, 22-7, over the objections of the Reagan administration, which contended that some of the restrictions would tie its hands in administering aid programs.

"We've just got an awful lot of money floating around out there and there's no accounting for it," said Mr. Hamilton, who added that overseas economic development aid totaled \$2.5 billion this year, 65 percent of it in cash.

"These funds are ripe for diversion," he said, mentioning Liberia and the former regimes in Haiti and the Philippines as examples.

Reagan Urges Schools to Emphasize Sexual Abstinence to Prevent AIDS

The Associated Press
PHILADELPHIA — President Ronald Reagan said Wednesday that AIDS was "public health enemy No. 1," and he endorsed sex education in the schools as long as it includes the teaching of sexual abstinence.

In a speech at the College of Physicians of Philadelphia, Mr. Reagan said "all the vaccines and medications in the world won't change one basic truth — that prevention is better than cure."

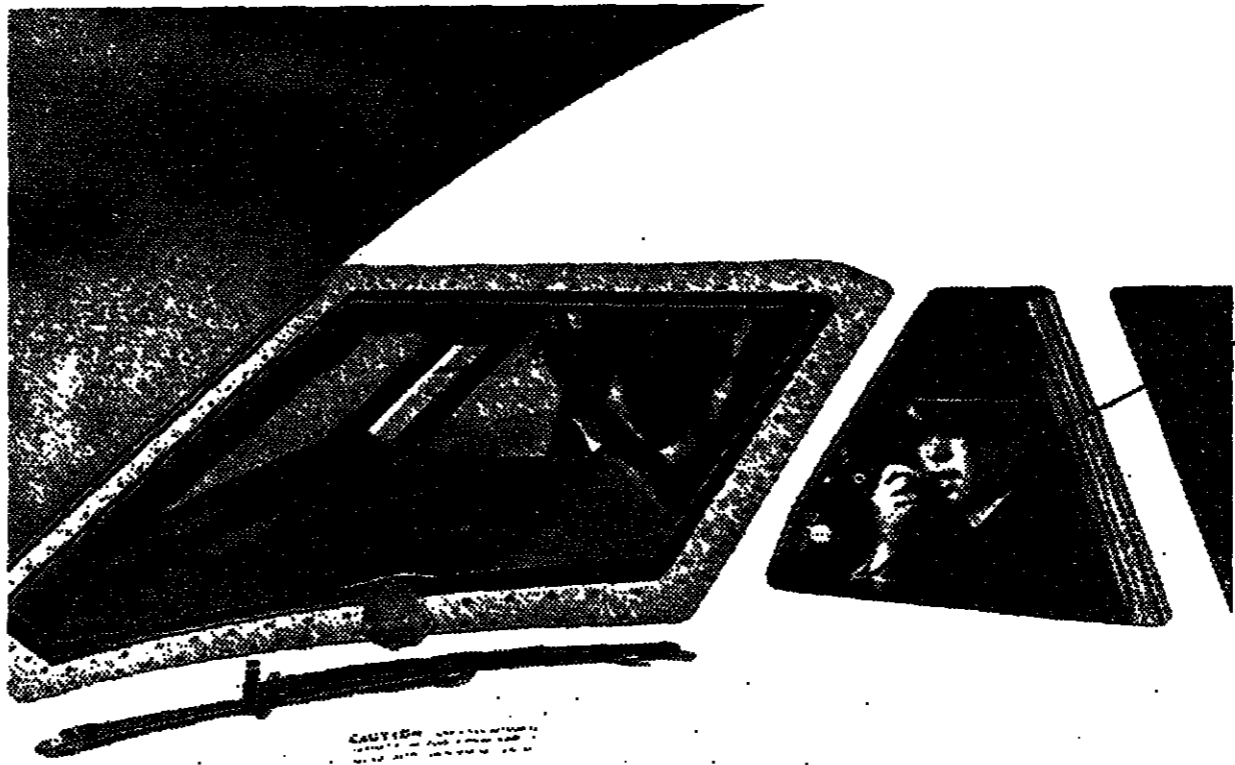
Mr. Reagan noted that the Public Health Service has issued an

information and education plan for the control of the disease.

"How that information is used must be up to schools and parents, not government," he said. But, he added: "Let's be honest with ourselves. AIDS information cannot be what some call 'value neutral.' After all, when it comes to preventing AIDS, don't medicine and morality teach the same lessons?"

The president said the administration plans to spend \$766 million in the current fiscal year on AIDS, and more than \$1 billion in 1988.

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April Fool in New York: Are You Kidding?

By William E. Geist
New York Times Service

NEW YORK — The trouble with April Fool's Day in New York City, of course, is that there's no way to tell who's kidding and who's not.

Even on Tuesday, just your average March 31, Phil Clements reported seeing two penguins getting into a limousine outside the Inter-Continental Hotel and no one looked him up. He wasn't kidding.

"They're guests," a spokesman for the hotel explained of the sight-

ing, adding that the penguins had been ordering platters of herring from room service. The two, Pete and Penny, work at Sea World in Florida and were in New York on a promotional tour.

Rain did not deter Bob Golub from selling "Bob's Lucky Potatoes" on Wall Street. He used to be kidding about the lucky potatoes, which he sells from a suitcase at the corner of Liberty Street and Broadway. Not anymore.

Mr. Golub said he makes as much as \$100 a day selling his pota-

toes, which he marks with a felt-tipped pen, to superstitious stockbrokers. "This may sound peculiar, but I sprinkle them with lucky water from my grandmother's well," he said.

"There are guys making \$500,000 a year walking around here with lucky potatoes in their suits," he said. The price of a potato is whatever customers wish to give. He once received a \$200 tip from a stockbroker who hit it big with a potato in his pocket.

"I'm from Pennsylvania," he said. "And I'll tell you something. If you did this in Pittsburgh, they'd lock you up."

Now if you lived in Peoria, not New York, and someone told you to rush over to a beauty salon offering the latest thing — lion urine treatments — you would urinate immediately that it was April Fool's Day. And if you were foolish enough to go to the salon and ask for the treatment, everyone would have a good laugh.

Not so in New York, where people were going to Corallo's Hair and Skin Salon on West 72d Street, asking for lion urine on their hair and — guess what? — getting it.

"I don't know if it will become a



A Georgian Welcome

Prime Minister Margaret Thatcher of Britain, on the last day of her five-day official trip to the Soviet Union, was greeted in Tbilisi, the capital of Soviet Georgia, on Wednesday by a young Georgian in traditional costume. After the kiss, Mrs. Thatcher saw a wedding and folk dances and toured the city.

PERSONAL INVESTING

April 13:
An important date for investors in funds.

That's the day that the Spring Funds survey appears in the International Herald Tribune's monthly Personal Investing section, now in its third year of coverage of this vital area of investment.

Twice a year, Personal Investing devotes an entire issue to a global view of the funds industry, providing crucial information on performance rankings, new products and transaction costs.

The April 13 issue will offer the kind of information that sophisticated fund investors need to shape their strategy in the months to come.

The International Herald Tribune Bringing the world's most important news to the world's most important audience.



West Europeans Reviving Contacts With Syria

By James M. Markham
New York Times Service

BONN — Several West European countries have resumed a cautious dialogue with Syria only four months after Britain persuaded the European Community to downgrade its relations with Damascus because of what was called its support for terrorism.

France and Belgium have been conspicuous in the revival of diplomatic contacts with Syria, and West Germany appears to be poised to follow their lead. Bonn has designated a new ambassador to Damascus but has not yet sent him to the Syrian capital.

The proponents of resuming high-level contacts with President Hafez al-Assad's government say that, since Syrian troops took control of West Beirut, Damascus has sent out many signals that it wishes to play what one Bonn official called "a constructive role."

"We have the impression," this official said, "that the Syrians are interested in being carriers of good news and in being a constructive element in the Middle East. When that happens, Europe is ready to

Kenya May Censor Foreign Reports

NAIROBI — Laban Kiteile, an official of Kenya's sole political party, the Kenya African National Union, has been quoted as saying that the party might soon begin censoring the reports of foreign journalists.

But the chairman of the Foreign Correspondents' Association of East Africa said in a memorandum to the group's members that the Kenyan director of information, S.J.W. Musandu, appeared "surprised" by Mr. Kiteile's statement.

Mr. Musandu said he would see that the government issued a statement on the matter, according to the chairman of the correspondents' group, Gunter Krabbe.

The Daily Nation quoted Mr. Kiteile, the national organizing secretary of the party, on Monday as saying that all foreign correspondents might soon be required to submit their reports to party headquarters for censorship before they could be transmitted abroad.

Mr. Kiteile reportedly criticized reports in the Western press of human rights abuses by the government of President Daniel arap Moi, as well as articles on the spread of acquired immune deficiency syndrome in Kenya, as an "orchestrated move by certain foreign powers and self-exiled Kenyan dissidents."

Kenya May Censor Foreign Reports

ROME — The Food and Agriculture Organization said Wednesday that it had approved emergency food aid worth more than \$14.3 million for drought victims in Ethiopia.

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Salvadorans Say Attack That Killed U.S. Adviser Proves Rebels' Strength

United Press International

EL PARAISO, El Salvador — The attack by leftist rebels that killed at least 42 soldiers and a U.S. military adviser proves the guerrillas remain a formidable adversary, Salvadoran military officials said.

The attack on the army's 4th Infantry Brigade headquarters at El Paraiso on Tuesday was the most important recent offensive by the rebels in their seven-year war against the U.S.-backed government.

"It was a blow that was studiously carried out, taking time to figure out all the details," Colonel Gilberto Rubio, commander of El Paraiso, said at the smoldering barracks.

At least 42 Salvadoran soldiers and Staff Sergeant Gregory Fronius of the U.S. Army were killed in the attack. Thirty-five Salvadoran soldiers were wounded. There was no official report of rebel casualties.

Sergeant Fronius, 27, of Greensburg, Pennsylvania, was the first American military adviser killed in combat in El Salvador. Five other U.S. military personnel have been killed in El Salvador, but not in combat.

General Adolfo Blandino, chairman of the Salvadoran joint chiefs of staff, said the attack Tuesday was "very, very impressive."

It demonstrated that the rebels, who have broken into small units to dodge air attacks, can regroup into units large enough to carry out full-scale attacks on military installations.

"This was a serious attack against a well-fortified position," said one Western observer. "It was really a blow."

There are an estimated 6,000 rebels in El Salvador. The army has about 39,000 troops.

The U.S. Embassy and the Salvadoran military, which receives about \$500,000 a day in U.S. military aid, had been saying the rebels' numbers had declined sharply and that they no longer controlled territory.

But confrontations in recent months have prompted the embassy to tell visiting U.S. congressional delegations the war could drag on for years.

President Ronald Reagan, in remarks during a White House dinner Tuesday for Prime Minister Jacques Chirac of France, called Sergeant Fronius' death "a tragedy."

Asked if it would jeopardize the

3 Senators Warn Reagan on Policy On Nicaragua

Washington — Three Republican senators, key supporters of the Reagan administration's policy on Nicaragua, have warned the president that unless he makes a series of policy changes, they may withdraw their support.

The senators said it appeared both at home and abroad that the United States, not the Nicaraguan government, was the major obstacle to a peaceful solution of its regional disputes. The letter was sent to the White House last week.

The lawmakers, William S. Cohen of Maine, Nancy L. Kassebaum of Kansas and Warren B. Rudman of New Hampshire, opposed a recent legislative effort to delay the final \$40 million installment of the \$100 million appropriated by Congress for the Nicaraguan rebels, or contra, this year.

In the letter to President Ronald Reagan, the senators said that the "disproportionate emphasis on the military aspect of U.S. policy is counterproductive."

The administration has offered a general endorsement of a variety of peace plans.

Francis J. McNeil, a former ambassador to Costa Rica who resigned last year in a dispute over Latin American policy, led a Senate subcommittee earlier this month that urged the government in Latin America believe the United States is interested in a negotiated settlement.

Hussein to Visit Hassan II

Rabat — King Hussein of Jordan will visit Morocco on Saturday and Sunday for talks with King Hassan II.

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

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Hawke Rules Out Early Election, Citing Threat to Economy



Prime Minister Bob Hawke of Australia on Wednesday.

By Michael Richardson
International Herald Tribune
CANBERRA, Australia — Prime Minister Bob Hawke of Australia ruled out Wednesday an early general election next month, saying it could undermine prospects for economic recovery.

Mr. Hawke said Australians would vote late this year or early in 1988, shortly before the Labor Party government's three-year term expires in April. There had been speculation an early election might be called.

Mr. Hawke said at a press conference that he had been tempted to take advantage of divisions within the conservative opposition and was confident his Labor Party would win an early election.

But this might have created economic instability and would have "brought into question the government's resolve to make the tough decisions needed to meet the economic challenge facing this country," he said.

Australia's economic difficulties have been caused partly by a sharp decline in prices for its main exports, which include coal, wheat and other mineral and agricultural commodities.

The country is also beset by sluggish growth, high inflation and in-

terest rates, and large budget, trade and balance of payments deficits. John Howard, leader of the opposition Liberal Party, said Mr. Hawke had decided against an early election because he was afraid it would lose. Mr. Howard said the Labor Party would lose the next election, whenever it was held, because Australians were fed up with high interest rates and taxes, excessive trade union power and falling living standards.

A report on Australia released Tuesday by the Organization for Economic Cooperation and Development forecast that Australia's economy would expand by more than 3 percent in the fiscal year starting in July.

Inflation, running at 9.8 percent — more than twice the average for the OECD's other industrialized member countries — should drop to 5.5 percent or lower by mid-1988, the report added.

Mr. Hawke said he expected that interest rates, currently 16.5 percent on commercial loans but substantially lower for most housing credits, would fall in coming months.

But the OECD report also forecast that Australian unemployment would rise from 8 percent of the

workforce now to 8.5 percent in 1988.

The OECD report followed an assessment Monday by a leading U.S. business advisory group, the Conference Board of New York, that said Australia was poised for renewed economic growth after more than a year of recession.

Because of Australia's economic difficulties the government has said it will announce further austerity measures, including cuts in government spending, in a budget to be released May 14.

Analysts said another reason Mr. Hawke had decided against an early election was the hope that the delay would rekindle factionalism in the opposition coalition of the Liberal Party and the National Party.

In recent weeks, Mr. Howard, a lawyer who became opposition leader in 1985, has dismissed his deputy, Andrew Peacock, for critical comments he made about Mr. Howard's leadership. Peter Baume, the opposition spokesman on women's affairs, resigned because he did not agree with the party's rejection of government legislation offering equal opportunity in employment and other areas to women.

Sir Joh Bjelke-Petersen, premier of Queensland and leader of the

National Party in that state, has campaigned to break up the federal opposition coalition that has governed Australia for 43 of the past 64 years.

The premier has claimed that both the Liberal Party, the senior partner in the coalition, and the Labor Party have failed to give Australia effective leadership.

On Wednesday, after Mr. Hawke's announcement, Sir Joh said he intended to push ahead with preparations to offer a slate of National Party candidates across Australia in the next general election.

Analysts said that the Hawke government, while nominally committed to democratic socialism, had attracted supporters by applying free-market policies in a number of key areas of the economy such as the financial sector.

This approach, the analysts said, had intensified disputes within the opposition coalition, especially in the Liberal Party, over policy alternatives.

The group headed by Mr. Howard favors radical reform of industrial relations, lower taxes, less government involvement in many areas of society and greater scope for private enterprise and individual initiative.

Living Abroad

Yanks With Irish Roots Are Seeking Passports to Work in EC

By Sherry Buchanan
International Herald Tribune

LONDON — If the staff of the Hibernian Research Co. is often hard to reach, be patient. They may be trying to find someone's granny.

The answering machine at its Dublin headquarters says the staff is "on assignment," which for the Hibernian team of genealogists means tracking down Irish relatives for Americans anxious to acquire Irish citizenship.

Field trips include looking through archives and parish registers, visits to the local bar, the parish priest and the occasional 96-year-old woman who only speaks Irish Gaelic and lives in a cottage deep in the countryside with no running water.

Hibernian Research has used these tried and true methods to find the ancestors of Ronald Reagan and John McEnroe.

Looking for one's roots has always been a sentimental business for many Americans. But an increasing number of Americans who want to live and work in the European Community are digging up Irish grandparents born in any of the Irish Republic's 26 counties or in the six counties of Northern Ireland and applying for Irish citizenship.

The advantage is that holders of an EC passport do not need work permits to work in EC countries. Until

January of this year, people with a great-grandparent born in Ireland also were eligible to get an Irish passport. The children whose parents registered with an Irish consulate prior to January 1987 are still eligible under the old rule.

The sudden rush to acquire an Irish passport was triggered last year both by Americans worried about terrorism and by U.S. media attention to the Irish parliament's decision, in June, to tighten the law.

Now some Americans going to work in Europe have decided that a trip to Ireland in search for grandparents can be a lot more fun than going through the hassles of getting a work permit in an EC country.

Since 1956 when the law was passed, on average only 60 Americans a year applied for Irish passports. That increased to 4,200 of all nationalities last year. This year, to date, 5,000 New Yorkers alone have applied for Irish citizenship at the consulate in New York.

Although the consulate does not keep statistics on the reasons for applications, it said that a majority are doing it for sentimental reasons only, not because they are being transferred to an EC country.

Hibernian Research estimated that 10 percent of its clients last year were searching for relatives in order to acquire citizenship to work in an EC country. Only a handful did so in 1985.

Being spared the long wait on the "other" line reserved to non-EC passport holders at many European airports and the 36-hour delay to get a French visa for a weekend in Paris is reason enough for others to look for long lost Irish relatives.

"That 'other' line is a killer," said David Mitchell, a Canadian who was transferred to London by Elizabeth Arden. Mr. Mitchell spent three weeks tracking down his Irish grandparents before moving to London but came up blank. But, now that he is in London, he is thinking about re-launching his search.

Because Ireland is a small country, many Americans think that by just knowing the county their grandparents came from will solve the problem. But, according to genealogists, it is a bit more difficult than that. The main problem, according to the genealogical agencies, is that a fire in 1922 destroyed all the censuses before 1901 as well as 30 percent of the registers of Church of Ireland parishes.

"It's not as bad as it sounds," said Thomas Lindert, director of Hibernian Research, an accountant turned genealogist, who handles 1,500 searches a year, which cost on average \$200 and last three months. "In Ireland, civil registers were started in 1864," he said. "Although they don't give the names of a family living under one roof the way a census does, they do record

births, marriages and deaths. It is very rare that the grandparents of people wanting to acquire citizenship today were born before 1864."

As a way to make sure applicants for Irish citizenship are not presenting the wrong documents knowingly or unknowingly, Irish consulates require Americans to produce a copy of their birth certificate that lists the parents' ages when the child was born.

"The ages of the parents at the time of birth is just a way of ensuring that it is really the same person you are talking about," said James Farrell, the Irish vice consul in New York.

"So many people in Ireland have the same name like Kelly or Murphy," he said. "Knowing the age of the parent when the child was born removes any doubt that the applicant is using documents related to another Kelly or Murphy."

What does official Washington think about all this? According to the spokeswoman of the State Department's Office of Overseas Citizens:

"Although we don't acknowledge dual nationality, we recognize that, in the case of people with a grandparent born in Ireland, because Irish citizenship is conferred by automatic operation of Irish law and not by an act of naturalization, it does not jeopardize U.S. citizenship."

U.S. Justice Dept. Wants to Keep Out Waldheim

By John M. Goshko
Washington Post Service

WASHINGTON — The Justice Department office that investigates Nazi war crimes is renewing its recommendation, first made last year, that President Kurt Waldheim of Austria be barred from the United States.

The department recently sent Attorney General Edwin Meese 3d a memo of more than 200 pages of evidence, much of it gathered in the last two months, that Mr. Waldheim might have been involved in

World War II atrocities against Yugoslav partisans.

Mr. Meese had said he would not be influenced by Mr. Waldheim's status as Austria's president or his position as UN secretary-general from 1972 to 1982. But he has not acted on the recommendation, made in April 1986, by the department's Office of Special Investigations.

Patrick Korten, a department spokesman, would not say when Mr. Meese might deal with the case. He said the attorney general does not regard it as "an immediate, burning issue" or "a priority."

Government and private sources familiar with the memo, prepared about two weeks ago, said it describes Mr. Waldheim's service as a German Army officer in units that committed atrocities in Yugoslavia, and allegations that he has tried to conceal his wartime service in the Balkans.

As one source put it, "the evidence is so overwhelming that it meets a dozen times over the requirements under U.S. law for establishing a prima facie case" to put Mr. Waldheim on the "watch list" of persons not permitted to enter the United States.

The Immigration and Naturalization Service's watch list contains about 40,000 names. Federal law specifies that individuals should be barred from entering the United

States if they were associated either with the Nazi government in Germany, with governments that were Nazi allies or with puppet governments in Nazi-occupied areas.

■ **Drops Role in Project**
Officials in Vienna and in Brussels said this week that Mr. Waldheim has personally waived his patronage of a major Austrian cultural exhibit in Belgium following a diplomatic tug of war that threatened to cause the collapse of the project. The Associated Press reported from Vienna.

Patrons for the three-month European festival, which starts Sept. 15, included King Baudouin of Belgium, but Belgian newspapers have reported that the monarch did not want to be listed on the program with Mr. Waldheim.

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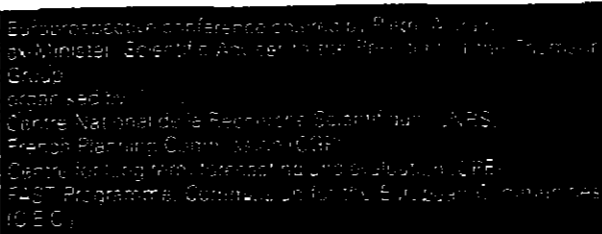
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EUROPROSPECTIVE

OIL & MONEY IN THE EIGHTIES

LONDON, OCTOBER 22-23, 1987

The eighth International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties" will take place on October 22 and 23 in London.

The conference which has become a major annual event in international energy circles, will feature an outstanding group of worldwide energy and financial experts and government leaders from Europe, the Middle East and the United States. The conference is designed to provide senior executives from the financial and energy sectors with an annual comprehensive update on the world oil market.

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POPE: Pinochet Government Is Labeled 'Dictatorial'

(Continued from Page 1)
who could be found in Chile and elsewhere, "want to tell us, 'Stay in the sacristy and do nothing else, yes, yes, do nothing else, do nothing else.'"

"Because they say it is politics but it is not politics," he said. "This is what we are."

He added that "the church cannot let itself die" by giving up its advocacy of social justice.

The church in Chile has been harshly critical of the Pinochet government since shortly after he took power in 1973 through a military coup that overthrew the Marxist government of President Salvador Allende.

In six-day visits to both Chile and Argentina, political issues are expected to dominate the agenda.

Over the last 13 years, General Pinochet has justified repressive measures as necessary to defend the country from a Communist threat, most recently represented by a growing leftist insurgency.

Asked Tuesday to compare the situations in Chile and in his native Poland, John Paul said, "We are going to encounter a system which is currently dictatorial but which is transitory by its own definition."

In Poland, he said, there are no signs that dictatorship will give way and so the struggle of the people

there is "much more demanding and difficult" than in Chile. Since the beginning of the year, the Pinochet government has announced a series of measures to increase the scope of political activity as part of what it says is a gradual move toward democracy.

Some political exiles have been allowed to return and non-Marxist political parties have been permitted to resume normal operations for the first time since 1973. The liberalization moves are widely regarded as both efforts toward reconciliation and gestures to win the pope's approval.

Asked if he expected to help bring democracy to Chile, the pope said: "Yes, yes, I am not the evangelizer of democracy, I am the evangelizer of the Gospel. To those experiencing marital difficulties to not let themselves be disoriented by the easy expedience of divorce, which offers only apparent solutions." The Associated Press reported from Montevideo.

John Paul met privately Wednesday with President Julio Maria Sanguinetti of Uruguay.

During the Mass, the pope acknowledged Uruguay's secularism — only 4 percent of the three million Uruguayans are regular churchgoers — but said: "Dear Uruguayans, your country was born Catholic."

Most Uruguayans are of southern European descent and nominally Roman Catholic. However, church and state are officially separated.

Meeting With Opposition

Juan de Onis of the International Herald Tribune reported from Santiago.

The pope has agreed to meet in Chile with leaders of all the country's opposition parties, including the Communist Party, church and party sources said Wednesday.

The meeting is to take place Friday at the Vatican's diplomatic mission in Santiago, according to a bishop on the organizing committee for the visit.

The opposition will be represented by presidents of 12 parties that have formed a loose front called the National Accord. The meeting with the pope was at their request.

Divorce Criticized

Speaking at the Mass on Wednesday, John Paul called on those experiencing marital difficulties to not let themselves be disoriented by the easy expedience of divorce, which offers only apparent solutions." The Associated Press reported from Montevideo.

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A protester was arrested by the military police in La Granja, a suburb of Santiago, where the pope is to address the poor on Thursday. Several hundred poor people attempted to occupy a field and name it Camp John Paul II.

EC Nations Limit Political Asylum By Adopting 'Closed-Door' Policies

By Peter Maass

BRUSSELS — Governments in the European Community are edging toward a "closed-door" policy on refugees that has angered supporters of political asylum.

The new restrictive measures, which vary from country to country, include stiffer visa requirements, new controls at airports and fines for airlines carrying illegal refugees. Although the methods are different, the strategies aim at tightening treatment of refugees to discourage the influx of asylum-seekers.

There has been a steady deterioration in the legal and social position of those seeking asylum in the European Community, according to a report adopted Feb. 23 by the European Parliament's Committee on Legal Affairs and Human Rights.

The parliamentary report said EC countries were pursuing "irresponsible asylum policies." The document also said the treatment of refugees in the EC was "deficient" and accused the West German government of permitting "inhumane" conditions for refugees in West Germany.

"There is no forward-looking consideration of how the refugee problem in Europe and elsewhere can be solved in a properly humane manner," the report said.

"Nor have there been any attempts within the framework of the European Community to take positive action to deal with the refugee problem."

Reflecting the concern over refugee rights in the EC, the Parliament approved a resolution this year calling for member nations to "adopt a more generous attitude toward asylum-seekers." The resolution discouraged the type of visa requirements being imposed in several EC countries.

According to the United Nations, the number of refugees requesting political asylum in the EC increased by 50 percent in 1985 to 165,000. Provisional statistics put the number last year at approximately 180,000.

The harsh response by European governments is influenced by two key factors, experts say: high domestic unemployment and a rise in xenophobia among the public. Together, these factors translate into strong political pressures to keep foreigners out.

The problem, according to relief

officials, is that some foreigners kept out under the new rules may be in real need of shelter from persecution. Deportation from Western Europe could start a journey for some refugees that ends in prison in their homelands, or worse.

To counteract the stern European reaction, relief officials point out that EC members face much less of a refugee influx than many Third World countries. Pakistan now is home to several million Afghans, while Thailand houses about 200,000 Cambodians, Lao-

tians and Vietnamese, according to the United Nations. The European Parliament's report said that despite complaints of a "flood" of refugees to the EC, the community is getting only a relative trickle.

"Many European countries feel they are receiving the bulk of refugees, which is wrong," says Michel Moussalli, the representative to the EC of the United Nations High Commissioner for Refugees. He called the present situation "tragic."

REFUGEE: Strict Belgian Measures

(Continued from Page 1)

but critics contend that even legitimate refugees, holding the proper papers, have had trouble entering Belgium.

"Practically, the doors are closed," a relief official said. Most of the refugees in Belgium arrive at Brussels airport, although the difficulty of getting that far varies. For some refugees, such as those coming from Pakistan or Ghana, the task is relatively simple, consisting of phone calls to travel agents or airlines for reservations on planes to Belgium.

But for refugees such as Ramin, the Iranian who tried to kill himself, the journey is radically different. Like many other Iranian refugees, Ramin paid more than \$10,000 to be taken out of Iran by a professional smuggler. He was driven part of the way, occasionally rode a motorcycle, and evaded border posts by taking foot paths or riding a donkey.

The journey out of Iran took several days. Once in Turkey, Ramin went to Istanbul, where he paid several thousand dollars to another smuggler, who supplied a plane ticket to Belgium and a false passport.

Ramin's own passport had been confiscated by Iranian authorities because he had not satisfied his military service requirement.

In the controversy that followed imposition of the new Belgian measures last month, the government also has been accused of trying to deport refugees to the country from which they are fleeing. The government denies this.

"We never repatriate someone to the country where he originally came from," said Jean-Claude Godfroid, an adviser on refugee affairs in the Justice Ministry. But Ramin disputes the government's version of events. His testi-

mony, as well as the testimony of four other Iranian refugees, contrasts sharply with the picture painted by the government.

Ramin and the others said they fled Tehran because they had been involved in opposition political activity or had refused to join the armed forces to fight in the war against Iraq. Some of them had been arrested several times.

Ramin said he tried to kill himself precisely because a plane ticket attached to his deportation order was marked Brussels-Rome-Tehran. He contended that immigration authorities would mean death if deportation in Iran.

"In Iran, our lives were in danger," Ramin said, referring to himself and the four others. "We had to make this choice and accept whatever happened to us. But we never expected the Belgian authorities to behave like this."

Mr. Godfroid, the Justice Ministry official, did not contest the Iranians' motives for leaving Iran. But he questioned whether the refugees were legitimate political exiles, suggesting that they might not face repression if they returned home.

"Somebody who doesn't want to do military service — is he really a refugee?" Mr. Godfroid said. He believes the refugees may have attempted suicide only because they had sold all their belongings and were dependent that their gambit for a better life in the West had failed.

"These are people who sold everything, and they don't have anything to lose," Mr. Godfroid said. Although this may be true, it is not necessarily true for the reasons Mr. Godfroid cites. Ramin said that execution or prison awaited him in Tehran, and that his family would also face severe harassment from the government there.

20 Killed by Bomb in Burma

RANGOON, Burma — A bomb planted by a Moos rebel exploded at a festival in Burma, killing 20 persons and injuring 113, the state-owned Working People's Daily said. A young man belonging to the ethnic minority group confessed to the March 12 attack, the paper said Tuesday.

Brazil Strike Turns Violent

BRASILIA — Police using tear gas, clubs and attack dogs battled Tuesday with striking bank employees outside the Bank of Brazil, which is operated by the state. Hospital officials said that about 30 people were injured.

MARINES: U.S. Is Said to Doubt All Lines to Moscow as Inquiry Widens

(Continued from Page 1)

liminary arms-control talks, one source said. This and other sources spoke on condition they not be named.

A State Department spokeswoman, Phyllis Oakley, said Tuesday that U.S. officials "expect to have the secure communications by the time of Mr. Shultz's trip" on April 13.

An assessment of the marine spy

case was given to President Reagan and Vice President George Bush late last week.

Mr. Bush, a former CIA director, was reliably said to be furious and was urging a "top to bottom" review of U.S. counterespionage measures at embassies and within the U.S. intelligence network.

Embassy officials discovered Corporal Bracy having sexual relations with a Soviet woman who

worked at the embassy last summer. Yet they failed to permanently remove him from guard duty or to recognize the affair as a security threat.

The sources said Corporal Bracy was found with the Soviet woman in the apartment of an unnamed U.S. attaché at the embassy.

The woman has been identified by U.S. officials as a KGB agent. Corporal Bracy was demoted

from sergeant for the violation of security rules on Aug. 21, but he did not leave guard duty or Moscow until Sept. 18.

American officials did not link his indiscretion to espionage even after Sergeant Lonetree was taken into custody in December.

On Tuesday, a third marine, Staff Sergeant Robert S. Stufflebeam, was arrested in connection with the investigation.

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CHIC: Gorbachev's Wife

(Continued from Page 1)

ger people see her as a pioneer in giving women more influence and flair.

But she also serves as a lightning rod for criticism of the more open policies of her husband, drawing a hostility that opponents of change cannot direct against Mr. Gorbachev because of his powerful position.

The underground tape focuses on her fashionable wardrobe and Western tastes, including scenes showing Mrs. Gorbachev shopping in Parisian boutiques during her husband's visit in October 1985. During the visit, she attended the leading fashion collection shows.

Her fondness for stylish and colorful clothing often makes her appearance a jarring contrast to the dowdy dress of most Soviet women.

Many Muscovites expressed amazement when she changed outfits four times in one day when President François Mitterrand of France and his wife visited Moscow in July.

Raisa Maximovna Gorbachev, believed to be Mr. Gorbachev's second wife, appears to be in her early 50s. She graduated from the Moscow State University with a doctorate in philosophy, a discipline that in the Soviet Union more often resembles sociology than philosophy as it is defined in the West.

A slim woman with short red hair, Mrs. Gorbachev, like her husband, has impressed visitors with her curiosity about the West and wide-ranging interests.

The press, initially reticent about covering Mrs. Gorbachev's activities, has gradually increased exposure of her.

increasingly aggressive Democratic-controlled Congress. Representative Douglas H. Bosco, Democrat of California, said: "Everyone knows that the issue is not highways; it's the president's political recuperation. After a slow comeback, the patient is not calling for the traditional hot tea, unbuttered toast or chicken soup. He wants the highway bill."

Mr. Byrd was quoted as telling a Senate Democratic caucus Tuesday: "If ever there was a time when Democrats needed to show they're

ASYLUM: Is Swiss 'Lifeboat' Full?

(Continued from Page 1)

institutions or businesses. Less than 1 percent, or about 30,000, are refugees.

The decline in government approval of asylum requests, from about 90 percent in 1971 to 12 percent last year, corresponds with the rise in Third World applicants, critics of the new laws say. They note the 30 percent rate of acceptance accorded Caucasian refugees from East Europe.

But government officials contend that the real figure of acceptance of asylum-seekers is about 30 percent. They attribute the higher rate in part to the government's acceptance of an estimated 600 refugees under "humanitarian permits," which allow asylum-seekers to stay "as long as necessary."

Still others are permitted to stay while awaiting asylum, and their long tenure, the government says, has integrated them so deeply into Swiss society to make staying what one official called "more practical" than leaving.

Although the government project is expected to receive majority approval by Switzerland's traditionally conservative electorate, there is a growing sense that many Swiss are beginning to feel uncomfortable with the actions.

In a recent poll, 35 percent of those interviewed were opposed to the forced return of Tamilis to Sri Lanka before their safety could be assured. A "sanctuary movement" backed by Roman Catholic and Protestant clergymen has been hiding refugees in private homes and churches, and the movement's leader has been sentenced to a suspended prison term.

"There is a fear at the moment among a majority of Swiss of everything that is foreign," said a journalist who has investigated a Zairian refugee's case. "A fear of preventing them from finding out what's really going on."

VETO: Reagan Wins Senate Victory on Highway Funds

(Continued from Page 1)

interstate highways to 65 mph (105 kph). It is now 55 mph. Senator Byrd said: "The American people are being shafted by this vote. It's jobs, that's what it is."

A Test of Strength. The stakes in the showdown went beyond the highway and mass transit program. The Washington Post reported, Both sides portrayed it as a test of strength between a president who has been weakened by the Iran-contra affair and an

capable of governing, it is now. Any senator who is not angry about the confrontational attitude of the White House is an emotional eunuch."

Speaking at about the same time to his former Senate Republican colleagues, the White House chief of staff, Howard H. Baker Jr., made both a personal and political appeal to sustain the veto.

"I told them it was not just the president's hide," the Democrats "were trying to nail to the wall, but it's mine too," he said.

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SCIENCE

Nicotine, a Weed Harder to Kick than Heroin

By Sandra Blakeslee

Despite overwhelming evidence that tobacco is shortening their lives, 53 million Americans continue to puff 570 billion cigarettes a year.

Many smokers are highly intelligent people. Yet, they find that they cannot control this one, seemingly uncomplicated, aspect of their behavior. Are smokers more weak-willed than nonsmokers or former smokers? Or do they continue to smoke for reasons more powerful than previously imagined?

Interdisciplinary research in pharmacology, psychology, physiology and neurobiology is just beginning to shed light on the incredible hold that tobacco has on people. Scientists have found that nicotine is as addictive as heroin, cocaine or amphetamines, and often more addictive than alcohol. Its hooks go deep, involving complex physiological and psychological mechanisms that drive and maintain smoking behavior, and that even produce some "good" effects, such as improved performance on intellectual, computational and stressful tasks.

The bad effects are legion. Tobacco use is the number one preventable cause of illness and death in the United States. The medical bill for fatal illnesses related to smoking has been estimated at \$60 billion a day, according to a 1985 Congressional Office of Technology Assessment study.

Since the Surgeon General's report on smoking in 1964, about 37 million Americans have quit. Those still addicted tend to smoke more cigarettes, but they should not lose hope. New strategies for quitting, based on a deeper understanding of the addiction, are in the wings. "The known enemy is more easily overcome," says Dr. Jack Henningfield, who specializes in the biology of dependence and abuse potential at the Addiction Research Center of the National Institute on Drug Abuse in Baltimore.

When the first warnings about tobacco were published more than 20 years ago, many experts thought that smoking was "no different than compulsive potato chip eating," says Dr. Henningfield. It is now clear, he says, that smoking is a subset of compulsive behavior in which the controlling factor, nicotine, profoundly affects the smoker's central nervous system, producing pleasurable effects, dependency and withdrawal.

This finding has been long believed, but only recently proved through tests that meet today's scientific standards. Heroin, cocaine, alcohol, amphetamines and nicotine have many things in common. They affect the nervous system through different routes, but their end results are dependency.

"Heroin addicts say it is easier to give up dope than it is to give up smoking," says Dr. Sharon Hall, a psychology professor whose research at the University of California's San Francisco medical school centers on curtailing drug abuse.

Like heroin, nicotine is an alkaloid found in plants. The alkaloid kills insects by disrupting their neurotransmitters, substances released by the bug's activated nerve cells. Humans have the same neurotransmitters. What is toxic to the insect, however, is pleasurable to the human when taken in the tiny amounts found in cigarettes. Alkaloids exert their effects by binding to receptors in the brain and other nerve tissue. Heroin attaches to the brain's natural painkilling receptors. Nicotine affects a major neurotransmitter system that is involved in the very conduction of nerve signals, memory and other critical functions. It also binds to white blood cells and is carried to most body tissues.

An addictive drug of abuse is defined as one that will be repeatedly self-administered, even though there is no medical reason for it. People take aspirin for a headache, but when the pain is gone, they stop taking it. Most drugs of abuse produce either tolerance or withdrawal. Nicotine does both. Tolerance means that, up to a point, more of the drug is required to achieve the same effect, or that there is diminished effect when the same dose is used regularly.

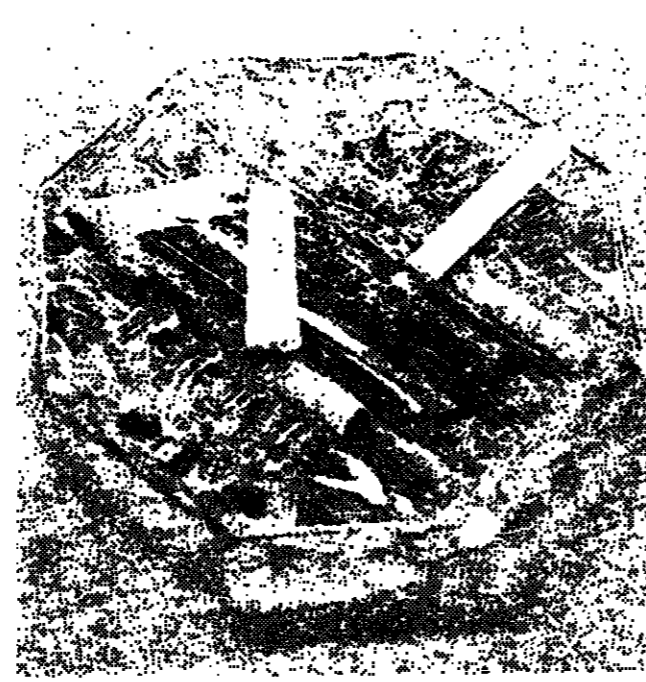
Withdrawal is a constellation of symptoms experienced after stopping regular use of a drug. Nicotine withdrawal often includes anxiety, irritability, difficulty concentrating, restlessness, craving for tobacco, gastrointestinal problems, headaches, drowsiness, decreased heart rate, tremors and slowed metabolism. "The popular media have exaggerated the withdrawal from nicotine and downplayed the withdrawal from tobacco," says Dr. Neil Benowitz, a clinical pharmacologist at the University of San Francisco medical school.

Nicotine is very different from most other drugs of abuse in important ways. Its effects are felt more rapidly than those of drugs taken intravenously. One-quarter of the nicotine in each drag reaches the brain in seven seconds. The nicotine concentration in the blood peaks at about the time that the cigarette butt is extinguished. The effects then fall off rapidly as nicotine is cleared by the liver and excreted in urine. Within a half hour, many smokers seek a new dose of nicotine. A pack-a-day smoker takes 70,000 drug "hits" a year.

Nicotine also acts both as a stimulant and sedative. Shallow puffs tend to increase alertness, whereas deep drags relax the smoker. Low nicotine doses facilitate the release of the neurotransmitter acetylcholine — which makes people feel alert — but high nicotine doses block the flow of this compound.

Nicotine is the "drug for all occasions," says the research psychologist Dr. Ovide Pomerleau, director of the behavioral medicine program at the University of Michigan. "Its variable effects are available on demand and do not outlast the circumstances to which they are appropriate. Unlike other drugs, nicotine does not interfere with normal activity."

Smokers are incredibly adept at maintaining a steady concentration of nicotine in their bloodstreams throughout the day, says Dr. Benowitz. There seems to be an internal sensing system, like a household thermostat, that knows when nicotine levels are too low. Called a "nicostat," it is what drives a smoker to light up when the nicotine level falls below his set point. Most smokers require about 10 cigarettes a day to maintain a "comfort zone." After a night's sleep, smokers deeply inhale their



first few cigarettes to raise the concentration of nicotine in their blood.

The so-called therapeutic effects of smoking, such as stress reduction and appetite control, are mediated through nicotine's impact on a host of chemicals that modify the activity of neurotransmitters to regulate mood, learning, alertness and performance. The smoker uses nicotine to fine-tune his body's reactions to the outside world. If its preferred mode of administration did not carry tar, carbon monoxide

and thousands of poisons into the lungs, many scientists say, nicotine might not be such a bad drug.

Current studies are proving that, for regular smokers, nicotine improves short-term memory, concentration and intellectual performance. It is not known, however, if the drug would produce these positive effects on nonsmokers. Nicotine also gives subjective relief from stress. Paradoxically, it induces the biological symptoms of stress. Why females might have a stronger appetite for carbohydrates after

they stop smoking than males do is a mystery, says Dr. Grunberg. Scientists theorize that carbohydrates exert a soothing, calming effect on people and that, perhaps, females seek the effect more than men.

New strategies for loosening nicotine's physiological grasp are also being developed. Drugs, such as clonidine, used to treat opiate withdrawal, as well as naltrexone, which is given to heroin addicts, and mecamylamine, an antihypertensive medicine, seem to block some nicotine effects. All are being used experimentally to help people stop smoking. In addition, an antidepressant drug called fluoxetine, which elevates mood and suppresses appetite, is being tried on smokers who are going through withdrawal.

Nicotine replacement therapies are promising because they satisfy the smoker's physical dependence on nicotine while he concentrates on unlearning the psychological habits that drive smoking behavior. A nicotine gum, combined with behavioral intervention therapy, has helped an estimated one million smokers at least try to quit. In a one-year study, 31 percent of the participants who chewed the gum, read a self-help manual on how to give up smoking and underwent counseling, stopped smoking. The gum doubled the effectiveness of the other two therapies. A nicotine nose spray is being tested in Europe, and a skin patch that releases nicotine slowly into the blood is being developed in the United States.

Cautioning that his work is with rats and not people, Dr. Grunberg has developed some hypotheses. One is that nicotine might decrease circulating insulin levels, which would be consistent with less craving for sweets among smokers. Lowered insulin would also mean that smokers store less fat.

Why females might have a stronger appetite for carbohydrates after

This article was excerpted from *The New York Times Magazine*.



The smoker uses nicotine to fine-tune his body's responses to the outside world.

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IN BRIEF

Suicide Is Increasing Among Elderly

DURHAM, North Carolina (NYT) — Recent reports of teen-agers taking their own lives have obscured the fact that, in the United States, people 65 years old and older commit suicide more frequently than do younger people. Past studies have shown that 17 percent of all suicides are committed by the 11 percent of the population 65 or older; now new research has found that suicide is increasing among the elderly.

From 1968 to 1980, deaths by suicide increased 15.6 percent for white men and women and nonwhite men above the age of 85. No increase was seen in that age group for nonwhite women.

The study was by Dr. Kenneth G. Manton, a researcher at the Center for Demographic Studies at Duke University, and colleagues using data from the National Center for Health Statistics. The findings were published in the current issue of *The Journal of Gerontology*.

Acid Lakes Found in the Poconos

BETHLEHEM, Pennsylvania (NYT) — Much of the concern about acid rain has focused on the vulnerable lakes of the Adirondack Mountains of upstate New York. But a new survey of available information on 160 lakes in the Pocono Mountain region of Pennsylvania has shown that 7.5 percent are already acidified and more than 70 percent have become vulnerable, or "sensitive," to damage from acid rain.

Particularly hard hit are small lakes at high elevations; 30 percent of lakes covering less than 50 acres (20 hectares) at elevations of more than 1,640 feet (499 meters) above sea level are already acidified, according to the survey.

The conclusions are based on data obtained from federal, state and private agencies by the Environmental Studies Center of Lehigh University in Bethlehem.

Hawaiian Peak Is Key Telescope Site

NEW YORK (NYT) — The selection of Mauna Kea, the highest summit in Hawaii, as site for the gigantic National New Technology Telescope has insured that the dormant volcano will continue to be the world's chief center of astronomical observations far into the next century.

Eight observatories are already operating there and another, which is under construction, should reign as the world's most powerful for several years. One of the multiple black cinder cones that form the volcano's 13,796-foot (4,215-meter) summit will also be the site of Japan's national telescope, which will be one of the most powerful in the world.

Report Cites Worldwide Extinctions

WASHINGTON (NYT) — A congressional advisory group has called for a coordinated program to arrest the decline in animal, plant, insect and microbe species it said are disappearing at a rate perhaps not seen since the loss of the dinosaurs 65 million years ago.

The recommendation came in a 334-page report prepared over the last two years by the Office of Technology Assessment, an agency chartered by Congress to advise on scientific and technological issues. The study, "Technologies to Maintain Biological Diversity," is the most comprehensive assessment yet produced by a government agency on the threat the loss of species poses to human welfare. The study proposes a wide range of federal and private actions that could help reverse the trend.

The new report reflected the mounting concern among biologists over the loss of biological diversity, a concern that has been expressed with growing urgency at numerous recent conferences and in several scientific reports.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Aegean Rainmakers

Real differences over sea boundaries and oil drilling rights no doubt carried Greece and Turkey to the edge of military conflict in the Aegean. But the speed with which this storm erupted, and then evaporated, suggests that it was artificially seeded by political rainmakers. Certainly the spat has helped Prime Minister Andreas Papandreu. He roused cheers on the right by denouncing Turkey, and on the left by threatening to close down a U.S. supply depot. With this in mind, better to cast a cool eye than to jump.

A Warning Signal

On Friday, with the dollar falling on the foreign exchange markets, the Reagan administration announced that it would retaliate against Japan in a trade dispute. On Monday, when the markets reopened, the dollar dropped rapidly. So did the bond market and, most dramatically, the stock market. On Tuesday the stock market reversed itself and began to rise again. But America's biggest bank, Citicorp, raised its prime rate a quarter of a percentage point, and the dollar, although more slowly, continued to fall. What was cause, in this jumbled sequence, and what was effect?

Save the Maya Sites

Mexico and Guatemala are planning a series of dams along their border that would destroy a thinly populated jungle paradise rich in Mayan ruins. If built, the dams would create a huge lake, flooding two major Maya sites, Piedras Negras and Yaxchilan. Fortunately, no bulldozers are moving yet. There is time to listen to the outraged protests of archaeologists and environmentalists.

Other Comment

Free Trade Is a Memory Any examination of the microchip skirmish between the United States and Japan must point to one depressing conclusion. Free trade is dead, at least in the sense of the 1948 General Agreement on Tariffs and Trade. Open trading can no longer be preserved. It would have to be recreated, and that is unlikely to happen.

EFTA Left Out in the Cold? The continuing expansion and economic integration of the European Community poses a major challenge to the countries of the European Free Trade Association. The latter must work toward permanent integration with the Community, in spite of the difficulties this will entail. They must defend themselves against discrimination and expand constructive cooperation with the Community, and they need to be kept fully informed about EC measures affecting integration. Otherwise the EFTA partners could find themselves left out in the cold and presented with faits accomplis.

Most Chileans Will Kneel Pope John Paul II arrives in Chile to find a country that is gradually moving toward the restoration of representative democracy after nearly falling into the clutches of atheistic totalitarianism. Chile became the only nation in the world to break the shackles of totalitarianism when its armed forces intervened on behalf of its predominantly God-fearing populace in 1973 to overthrow Marxist Salvador Allende.

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Why Are Tibetans Forgotten?

By John F. Avedon

WASHINGTON—On Feb. 18, two Tibetans were executed in Lhasa for "serious economic sabotage." Three more have been sentenced to die and 30 have been given terms at hard labor. Similar crimes, last mentioned in the "spiritual pollution" campaign of 1983, were the pretext for executing dozens of Tibetan dissidents and imprisoning thousands more. Tuesday was the 28th anniversary of the Dalai Lama's arrival in India, a refugee from his revolt-torn land. While he and the 100,000 compatriots who followed him into exile continue to voice Tibet's desire for freedom, their time, like that of all Tibetans, may be running out.

The writer, author of "In Exile From the Land of Snows," contributed this column to The Washington Post.

The Debt Crisis: Three Elements of a Settlement

By Norberto González

The writer is executive secretary of the Economic Commission for Latin America and the Caribbean, a United Nations agency.

SANTIAGO—It is not easy to establish just who brought on the debt problem. Some blame the domestic policies of the indebted countries; others talk of bankers pushing funds on reluctant Latin American borrowers; others fault the industrialized countries, particularly the United States, for bringing a downturn in international trade and a dramatic increase in interest rates, the real detonators of the crisis. All three explanations are partially correct.

The important point is that the problem is real and lasting, and that it affects lenders and borrowers alike. And there is little evidence that the Latin American countries can just "grow out of debt" through natural market forces, as recent events in Brazil and Ecuador attest. Something needs to be done about this overriding obstacle to development. The question, of course, is what.

But Development Isn't Banks' Business

By William H. Wainwright

PARIS—Benjamin J. Cohen, of Tufts University's Fletcher School of Law and Diplomacy, has written on the debt problem "will be solved only when bankers see the Third World debt situation for what it truly is—a long-term dilemma of economic solvency, not just a short-term liquidity squeeze." ("So Much for All That Progress on Debt," March 6.) But many bankers do see the situation that way. Many, in fact, have come to question whether the debtor countries will ever be able to generate the resources needed to repay their debt. This explains banks' reluctance to join the ill-conceived Baker plan, which calls for more lending.

A Brazil Test for the IMF's Camdessus

IN 1937, Brazil announced a moratorium and suspended debt service. All of Latin America did the same until a token and tolerable debt service was resumed much later. Must the same script be re-enacted today? The IMF needs to change its role from debt collector to evenhanded intermediary between the debtor countries and their creditors. At the same time, it needs to change the international debt process from one of collecting interest to one of providing development financing for investment and growth.

Moscow's INF Proposal Would Be a Bad Deal For the NATO Alliance

By John Deutch, Brent Scowcroft and R. James Woolsey

WASHINGTON—The Reagan administration appears to be moving rapidly toward a positive response to Mikhail Gorbachev's offer to separate negotiations on intermediate nuclear forces from those on strategic offensive and defensive weapons. This makes tactical sense, to take advantage of Mr. Gorbachev's apparent desire or need to show movement in arms control. It may also be in the administration's interest to help demonstrate that the president's recent political wounds have not impaired his ability to function. But what of the substance of the INF proposal?

While the notion of reducing intermediate-range weapons in Europe to zero on both sides, with each allowed 100 warheads respectively in Soviet Asia and the United States, was originally a U.S. idea, it nonetheless has a number of troubling aspects. The prospect of eliminating an entire class of nuclear weapons in Europe is superficially attractive, but more serious examination of the implications reveals a very different picture.

The arsenal of instruments to achieve this is well known: interest rate capping, a reduction of spreads, multi-annual restructurings, debt-equity swaps and other mechanisms—including debt forgiveness—designed to lower the allocation of scarce resources to finance debt service.

Reduction in yearly allocations to service debt should respond to some limit on the transfer of resources to creditors, to ensure that debtor countries can generate the savings needed to finance future growth. This principle was observed in the pioneering agreement between the IMF and Mexico last August, both sides explicitly recognizing that Mexico, like any developing country, needs "allow room" to achieve a minimum rate of growth.

Third, adjustments are needed in the links between trade and financial flows. Latin American countries will have to make greater efforts to improve their competitive stance in world markets, but developed countries will have to offer reasonable access for the region's goods to their markets, and avoid discriminatory trade practices.

Mr. Deutch is a former undersecretary of defense (1977-1979). Mr. Scowcroft is a former national security adviser (1975-1977) and Mr. Woolsey is a former undersecretary of the navy (1979-1980). They contributed this column to The Washington Post.



IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Mexico Reassures LONDON—Alfred Scott Withers, who has large railway, mining and industrial interests in Mexico, has received a despatch from President Francisco Madero of the Mexican Republic: "The situation here at present is that there are small bands of rebels in the southern part of the State of Puebla. These bands are made up of Zapatist guerrillas who are badly armed and constantly being pursued by the Federal forces. The State of Morales is now pacified, and all the rest of the Republic, excepting Chihuahua, is calm. I have news from Chihuahua that the rebels are short of arms and ammunition and are rapidly dispersing. The troops of General Pascual Orozco have not been able to destroy the Federals, who will soon be reinforced from Tlaxcala. I expect very soon to control the situation completely."

Vertical text on the right edge of the page, including 'STORING', 'WALL', 'Technical', 'At the Sign', 'Cairo', 'Inter', 'The Dollar', 'Inter', 'The Dollar', 'Inter', 'The Dollar', 'Inter'.

Handwritten Arabic text at the bottom of the page: 'هكلام من الأهل'.

OPINION

This Hired Gun Is Miscast In an Arms Control Drama

By Anthony Lewis

BOSTON — Suppose: In 1972 the Nixon administration drafted, and Congress passed, a tough crime-control law. At the time and for years afterward the act was universally understood to give the police broad wiretapping authority. Then the Supreme Court held that it had deliberately been written to forbid wiretapping. How legal conservatives would denounce such a decision. "Judicial activism gone mad," Attorney General Edwin Meese might say.

But the Reagan administration is engaged now in a far more profound attempt to upset long-established legal understandings. That is the effort to reinterpret the 1972 Anti-Ballistic Missile Treaty — to turn it inside out — so that it can be said to allow development and testing of anti-missile devices in President Reagan's "star wars" program.

The ABM treaty is the major operative arms control agreement between America and the Soviet Union. Tempering with it obviously has the most serious implications for superpower relations. To me the fact that the law is being manipulated to that end is especially distressing.

Abraham Sofaer, the former federal judge who is legal adviser to the State Department, is the main source of the argument that the treaty did not, after all, outlaw "exotic" defensive weapons in space. He is still working on a final study of the issues, but in the last 18 months he has said much in favor of that permissive view of the treaty.

In the fall of 1985 he argued, in a memorandum and testimony, that what Nixon administration officials said about the treaty at the time the Senate ratified it in 1972 supported the permissive theory. This drew strong criticism from many, notably Senator Sam Nunn of Georgia.

Observe or Withdraw

SAM NUNN has exposed the serious mischief of the Reagan administration's attempt to meddle with the ABM treaty. The "broad" interpretation is just another attempt to sell President Reagan's Strategic Defense Initiative. If he intends to abandon the treaty, he should resort to hypocrisy. Out in the open, he should declare his intention, give six months notice and then withdraw. This would be a proper test of his conviction.

Mr. Nunn said that "a series of authoritative" statements by the Nixon administration made clear that the treaty banned development and testing of exotic missile defense technologies. The Joint Chiefs of Staff recognized that the ban was "a fundamental part of the agreement." Mr. Nunn called the Sofaer interpretation "absurd" and "fundamentally flawed."

Mr. Sofaer eventually fell back from his 1985 memorandum, saying that it had been prepared by "young lawyers" on his staff. (What an amazingly casual way for a legal adviser to give even a first opinion on a matter of such magnitude!) He now emphasizes not statements made during the ratification process but the secret record of the U.S.-Soviet negotiations that produced the treaty.

In a Senate hearing last week, Mr. Sofaer took the line that official 1972 statements about the strictness of the treaty have little weight because the Senate did not formally attach that interpretation to the text — as a condition to ratification, for example. If the senators believed it was a strict treaty, if President Nixon did, if nearly everyone has said so in the years since — all that matters less than the sporadic notes of negotiations.

Lawyers can argue that documents mean just about anything. But this is not a dispute about a bill of lading. It is a matter of high policy.

Everyone knows what the Anti-Ballistic Missile Treaty was intended to do: stop the defensive side of the strategic arms race. To adopt the permissive Sofaer interpretation would be to make a nonsense of the whole enterprise — to say that the parties meant the opposite of their undertaking "not to develop, test or deploy ABM systems or components which are sea-based, air-based, space-based or mobile land-based."

That is why the Americans who negotiated the treaty over the years have overwhelmingly rejected the argument that it allows development of exotic systems. Six former secretaries of defense, including Melvin Laird, who was there at the time of the treaty, reject the argument.

A personal word has to be said about Abraham Sofaer. He was an impressive judge. To talk with him is to know his superior qualities of intellect and learning. Yet as legal adviser he has taken, I think, a regrettably narrow view of his role. In supporting American withdrawal from the World Court, as on the ABM treaty and other matters, he has seemed ready to provide a legal argument to fit whatever the administration wants to do for its own political reasons.

The U.S. government is not well served by legal advice in the mode of a hired gun. It has higher interests, among them its reputation in the world and its ability to hold others to commitments. I hope Mr. Sofaer's final opinion on the ABM treaty will reflect those considerations.

The New York Times



LETTERS TO THE EDITOR

Too Much News for America's Good in a Secretive World

There is an imbalance in the worldwide reporting of news. The bulk of news coverage is about the United States and comes out of the United States. American media, through countless leaks and from sources throughout the government apparatus, are able to disclose behind-the-scenes activities.

In the Middle East there is not one country that has a completely free and uncensored press, most being extensively controlled by the governments. Very little criticism is printed or aired. This, contrasted with the negative things the people hear about the United States, gives Middle Easterners a distorted picture not only of the United States but also of their own countries.

Most people here know more about U.S. foreign policy than they do about their own country's. Needless to say, the Iranagate incident has been taken full advantage of here in the media, and the United States is the laughingstock of the Middle East.

The region abounds with military, religious and individual dictatorships that conduct their affairs behind closed doors in a fashion to retain power and control threats. The United States, in contrast, is laid naked to the world as it tries to conduct foreign policy initiatives. This puts America at a disadvantage, not only making it hard to contact other countries but even preventing others from contacting the United States.

Covert agreements and operations are a fact of world affairs today. If there is one country that needs some leeway in this area, it is the United States. Taking all this into consideration, one

can hardly blame the National Security Council for the Iranagate affair. The operation had to be small and tight-knit to be successful. The NSC and the administration should be commended, not criticized, for taking the risk.

In a word, free American media with a worldwide audience, fed by a government system with innumerable leaks, obstruct effective American foreign policy in a world dominated by oppressive and secretive regimes.

[Name withheld]. Cairo.

President and Dissident

By all accounts, President Reagan's press conference on March 19 was a great success. Yet in your report "President's Performance Earns Cautious Approval" (March 21), reporters were so desperate to find some negative quotes that they had to dig up a Democrat in the Connecticut State House and a former press secretary of Lyndon Johnson.

The Washington heavyweights from both parties praised Mr. Reagan. Senator Bob Dole, Republican of Kansas, summed up my reaction to your article: "The critics who came looking for ammunition came up with blanks."

JOHN G. McCARTHY Jr. Geneva.

A headline on the front page of our beloved Herald Tribune (March 14) reads, "Legal Adviser Describes a White House in Chaos." What are you trying to do? Your March 10 edition was devoted to attacking President Reagan — even to the point of carrying a profile of an active leftist, Howard Fast, who was quoted as assailing the president.

BEATRICE CLAUDE. Málaga, Spain.

Howard Fast was a member of the Communist Party for 13 long years, starting in 1944. His complete break came in 1956 after Khrushchev's disclosure of the horrors of the Stalinist regime. In 1957 Mr. Fast published "The Naked God: The Writer and the Communist Party," which helped answer the question: How could a thinking human being become and remain a Communist? That book ranks alongside "The God That Failed" — by Arthur Koestler, Ignazio Silone, Richard Wright, André Gide, Louis Fischer and Stephen Spender — which treats the same theme.

Mr. Fast spent time in prison for refusing to cooperate with the House committee on un-American activities. He was blacklisted. Would Bernard D. Kaplan and Thomas L. Hughes (Letters, March 26) now resume the punishment?

I write this as a former vice president of Praeger, which published "The Naked God." For many years we were foremost U.S. publishers of books on the faults of world communism, including — in the same year as Mr. Fast's book — "The New Class" by Milovan Djilas. (I mention this lest Messrs. Kaplan and Hughes now decide to attack me.) I am certain that Howard Fast, in word or thought, has never recanted his recantation. Just read his books.

MORTON FUNER. Saint-Tropez, France.

No Nation Can Be an Island, So Japan Should Stop Trying

By Shuichi Kato

TOKYO — Growing affluence has convinced Japanese that we really are number one. In the last year, a clear neo-nationalist consensus has reinforced that perception. It is not pride in a particular national accomplishment so much as a feeling of complacency: Ours is a wonderful country, not just great but the best.

A recent poll in a white-collar and working-class district in Tokyo found more than 80 percent of respondents

MEANWHILE

saying that Japanese are the world's smartest, hardest-working people. More than 70 percent said that this society functions better than any other.

People are tired of denigrating the Japanese way of doing things, as was common in the postwar years when everything Western was considered superior. And Japanese are proud of their country's superb economic achievements. This has restored the self-confidence crushed by defeat in the war.

After returning to Japan last December from Mexico, where I was a visiting professor, I was shocked to realize how pleased with ourselves we have become. "Jingle Bells" regaled prosperous Christmas shoppers in the streets and department stores. Weekly magazines named restaurants serving the best French or Chinese cuisine. Everywhere the message was the same: Consumerism is wonderful; there are no problems in this society; it's a great place to live.

For the time being, the new sense of national pride remains diffuse. It has not crystallized into a well-defined ideology, or found expression in a social movement or political program.

In fact, of course, the wellspring of neo-nationalism is economic prosperity, which is a product of the growing interdependence of the world economy. Trade and investment policies and the direction of technological development can no longer be decided unilaterally on the basis of national interest; all require close consultation with other countries. Economic growth has produced smugness, but it has also integrated Japan into the international community.

The emergence of a new nationalism coincided last year with calls to internationalize Japanese society. Prime Minister Yasuhiro Nakasone personifies this duality. But his commitment to a strong national identity is incompatible with his cosmopolitan pronouncements.

In an appeal to national and ethnic pride, for example, he told a gathering of young Liberal Democratic Party leaders in September that Japanese are intellectually superior to Americans because of U.S. minority groups. He later apologized, but he was merely saying out loud what many Japanese privately believe.

Before 1945, flag-waving was inseparable from military aggression, but to

day's nationalism is not linked to a militarist revival. The government's effort to strengthen defense by increasing the military budget is a form of international cooperation. Tokyo is responding to pressures from the Pentagon, not to an internal, expansionist dynamic.

Our leaders say we must shoulder a greater part of the military burden in East Asia in order to meet our responsibilities under the Japan-U.S. security treaty. A policy of doing Uncle Sam's bidding channels patriotic impulses into the bilateral arrangement.

Since the Meiji era (1868-1912), jingoistic values have gone hand in hand with conservative politics. Japan's first modern government had to strengthen the nation to prevent colonization by the West. Nationalism and conservatism remain a powerful combination.

U.S. conservatives can draw inspiration from the libertarian ideals of the American Revolution and the founding fathers. The Japanese have trouble with the past. Our moment in the sun was earned by empire-building and military expansion, culminating in World War II.

Neo-patriots here must reckon with the 1910 annexation of Korea, the Twenty-One Demands that Japan imposed on China in 1915, the takeover of Manchuria in 1931 and the 1937 Nanking massacre. Although conservatives cannot openly condone this aggression, they do not entirely condemn it, either, saying that Japan's record is no worse than that of other countries.

Conservatism could turn to Japanese culture for inspiration instead of recent history. We are blessed with a rich artistic heritage. Anyone who doubts that need only attend a No performance or study our ceramics. But traditional culture alone cannot resolve the conflict between modernity and nationalism. Something more is needed. I admire the genius of the 17th century potter Chojiro, but I also respect 18th century philosopher Jean-Jacques Rousseau and his philosophy of natural rights. Cultures are complementary. A political philosophy rooted solely in Japan's past makes a poor credo for a modern industrial democracy.

Whether the current neo-nationalist mood remains benign or turns malignant depends largely on how far we internationalize our society. If we open our minds to the outside world, as well as our markets, today's overweening sense of achievement will probably not harden into a destructive chauvinism.

But should a backlash against U.S. and European trade pressures fuel the new patriotism, we are in for trouble, particularly if the current recession becomes a protracted economic crisis.

The writer is a physician and literary critic. This article, from Asahi Shinbun, was distributed by The Asia Foundation's Translation Service Center in San Francisco.

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MEGA-ECONOMY IN THE MAKING GUANGZHOU



Modernization slogans grace the Pearl River bridge in Guangzhou.

GUANGZHOU (long known by the Anglized name of Canton) is the largest city in southern China, and the political, economic and cultural center of Guangdong province. The Cantonese people have migrated over a long period to many parts of the earth, and their dialect is therefore the most commonly spoken form of Chinese abroad, in the "Chinatowns" of a dozen nations.

The people are farmers and traders at home, but have done whatever work was available when they migrated — built railways, run restaurants and laundries, dug for gold, operated informal banking systems, etc. And what the West thinks of as "Chinese food" is in fact chiefly Cantonese cuisine, only one of many in China.

Even during the Mao period of economic autarky, Guangzhou retained many links with the outside world through neighboring Hong Kong and Macao, the British and Portuguese enclaves. Indeed, both these places continued to depend vitally on the Guangdong Province for their food and even a part of their water supply. The city has also maintained its famous spring and

autumn export commodities fairs for over 30 years, attracting thousands of businessmen from all over the world.

The open-door policy now adopted in China has given Guangzhou the opportunity to take advantage of its strategic situation in foreign trading, as it stands at the apex of a triangle whose base extends from Hainan Island in the west to the borders of Fujian Province in the east, and it draws on a large area for resources.

Inland from Hong Kong and Macao, two big special trading zones have been established which strengthen Guangzhou's modernization and communications.

Mr. Zhu Senlin, mayor of the city, has a scenario for a "super-city" of administrative and industrial strength, based on the considerable natural resources of the Pearl River and its hinterland, taking advantage of the financial and commercial experience of Hong Kong and Macao. Fertile plains and an abundant labor force are the sound economic base on which Guangzhou can draw.

In 1986, the city's total export volume reached U.S. \$570 million, an increase of 59.8 per-

cent over that of 1985, and an all-time record. Guangzhou has established direct trading relationships with more than 140 countries and regions.

In addition to an array of trading corporations, the city has its own packaging and advertising corporation. The trading corporations are also in-

involved in compensation trade and joint ventures. Under the open policy of China, these corporations have been given the flexibility of establishing business relationships around the world.

Guangzhou is mounting three overseas trade fairs this year, following its Export Commodities Fair in New York last September. There will be an Export Commodities Sales Exhibition in Singapore June 11-19, a similar exhibition in Oklahoma City in July, and exhibitions in Hamburg in September. This year, too, the city inaugurates a new spacious trade fair complex on the original site with the latest in technology.

The Battery Giant

When you see the name "Guangzhou Battery Industrial Company," something might seem unusual. There's that word "Company," for instance; it sounds like a private business, amid all the "Corporations" and ministerial bodies that foreign traders meet today.

This company began way back in 1928 under a similar title, in a village not far from Guangzhou city, and it was privately owned. After 1949, the government transformed the plant into a state-owned enterprise by paying off the original owner who moved to Hong Kong.

The plant was then moved to Guangzhou. Over the past 30 years, output value has vastly increased and the plant is

now the largest battery factory in China, taking up an area of 45,300 square meters. It has become world-famous, producing 43 varieties of dry cell; among its brands are names such as "355," "Five Ram" and "Tiger-Head," sold to over 70 countries and regions — the United States, Britain, Canada, Pakistan, Bangladesh, Panama, Hong Kong, etc.

With a staff of over 2,900 workers, the plant operates through 11 production divisions, with a total of 18 production lines. Recently, to improve and guarantee quality, the management imported new equipment from overseas. Total production has been running at over 356 million batteries, 30 percent of which are exported.

Temptations in Jade

When the visitor mounts the stairs of the office of the Guangzhou branch of the China National Arts and Crafts Import and Exports Corporation, the environment is merely plain, workaday. But when he enters the door of the showroom, the effect is quite simply overwhelming. He is seated at a priceless inlaid blackwood table, on carved blackwood chair. Nearby is a startling jade carving — an antique sailing ship, complete with tiny crew inside and outside the vessel, all from one enormous piece of the translucent stone. But that artifact is only one of many which this trading unit deals in.

The branch operates through seven divisions:

1. Special Techniques I: jade carving, ivory carving, Chinese paintings, silk screens, gold and silver ornaments.
2. Special Techniques II: clothing and shoes, including bags, belts, jackets, sweaters and hats — and traditional Chinese stage costumes.
3. Artifacts I: artistic umbrellas and parasols, wooden items, copper items and decorative pottery and porcelain.
4. Artifacts II: practical pottery — tea and dinner sets, coffee sets, and table-to-order porcelain.
5. Furniture: inlaid and carved special woods (blackwood, mahoganies and teaks), or ordinary wooden pieces, and steel items.

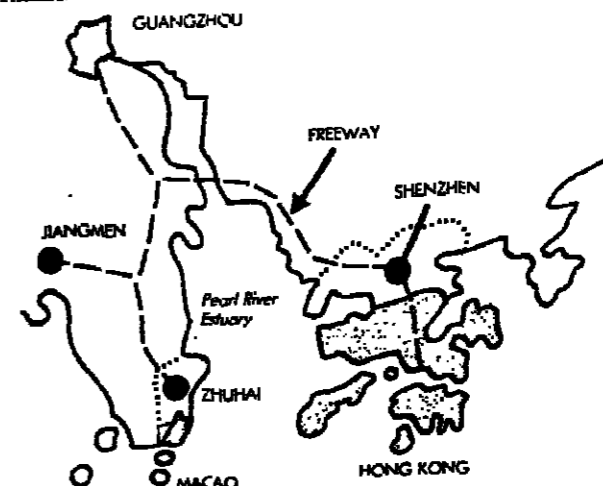
6. Flowers: artificial, made of silk, polyester or paper.

7. Miscellaneous: toys, lighting appliances and one or two other light industrial goods.

The branch is served by nearly 300 factories, only 20 of which are fully owned by the Corporation; the rest are suppliers who draw on the centuries-old tradition of Chinese arts and crafts. Guangdong Province has long been a prime source of these articles, from the days when Guangzhou (under the old name of Canton) was the main calling port for European traders.

"There are actually fashions in our goods," says Mr. Wu Ze Song, vice-chief of the Business Section. "At the moment, our big seller on the garment side is the beaded garment. It seems that in Western societies people have come to want a little glitter in their lives." But there is a steady (and growing) demand in the West for brilliance and "oriental" style in many articles; people are recalling the high quality and the sheer exuberance of Chinese carpets, decorations, dressing gowns, fans, furniture, porcelain.

Guangzhou's arts and crafts exports represented about U.S. \$60 million last year, nearly half of the total exports of this kind from China. Total sales were up by about 40 percent from 1985 and, according to the Guangzhou management, it looks as if they will be up by an even bigger percentage this year.



WITH the opening of China to world trade and finance, Guangzhou can be developed into a "mega-economy," with Macao and Hong Kong as the powerhouses for commercial activity, communications and tourism, and the Guangdong provincial hinterland as the productive base. Shenzhen and Zhuhai are "special economic zones" with investment and export incentives to offer. In construction is a multi-lane freeway connecting the points of the triangle; the Jiangmen spur pines towards Hainan Island and China's southwest. Air and sea cargo facilities are expanding. The high growth potential of this region is now enormous.

A Modern Manager

Mr. Zhang Shu Mo, vice director and spokesman for the Guangzhou branch of the China National Textiles Import and Export Corporation, is keen and young and energetic. In his early 40s, he is a member of the new breed of managers which have been thrown up by the "responsibility system," China's liberalization of planning and trading. Before, central planning decided closely what farms and factories should produce, and how it should be distributed; today, within certain limits of finance and investment, managers of plants and even individual farmers are given room to maneuver, once they have satisfied certain state quotas or norms.

Mr. Zhang has been with the Guangzhou branch for over five years — in other words, the whole of the new "modernization drive" period. Guangzhou has now entered a new phase, that of one of the 14 coastal cities with even more economic independence.

"We have over 300 factories in the textiles and garments industry in Guangzhou," he says. Export products are mainly knitwear and knit yarn; cotton yarn; cotton cloth; ramie-cotton interwoven cloth; chemical fiber-blended textiles, garments and other products; and polyester-cotton fabrics for men, women and children. Cotton, polyester-cotton, spun rayon, wool, acrylic and blended woolen goods are also available.

The "home textiles" category includes bed-sheets, quilts, blankets and other bed-linens, sewing threads, yarn, etc. And there is toweling of all kinds — bath towels, face towels, bathrobes.

Knitwear stands at the top of the sales volume. "In 1986 we hit the peak of U.S. \$30 million. Sales to the United States, Canada, Japan and the Common Market rose 36 percent over 1985," says Zhang.

Zhang reveals just how far the spirit of enterprise has entered into the Chinese economy these days when he says: "We compete with Beijing, Shanghai and Tianjin. The quality of work here in Guangzhou is better and so our sales volumes are much higher — they come to buy from us!"

Guangzhou's main market is the United States in terms of volume; however, it is limited by the quota system. Logically enough, the branch makes the best of the quotas by improving quality: "We now try to offer more competitive prices for better quality goods and less volume."

The search for new markets goes on unremittingly, Zhang says. "We are looking at Japan and Australia, where we have sent teams to look into the possibilities. We know that the Japanese market is very competitive — quality control is very strict and there are many restrictions, but we are willing to meet this challenge. We are looking into developing this market in a big way." The branch participates in leading trade fairs, especially in the United States, Germany and Japan.

As for designs, the branch always welcomes visits from foreign clients with their own innovative ideas. "I should say that of our total output, 50 percent are customers' designs and 50 percent our own."

Another challenge to any textile-garment organization today is adapting to the seasonal and stylistic vagaries involved in world trading. Zhang is very aware of this, but points out that, with the wide range of products which the branch offers, shipments are made year-round to different destinations.

"We have been able to balance our deliveries year-round with all our clients worldwide, and our delivery record is very good — we are always on time!"

Exotic Fare

How do you send a living bonsai across the world? These ingenious miniature trees are wrapped in wet moss and must not travel for more than 20 days. And what about sending goldfish, flowers, birds, insects? Ask Mr. Huang Li Chang, head of the Guangzhou Native Produce branch of one of China's trading corporations. A jolly man in his fifties, he has been with the corporation for over 10 years, and what he does not know about such exotic fare is probably not worth knowing.

The list of the products he can offer is replete with romance, even mystery; it includes spices, sesame oil, ramie,

synthetic camphor, dried fruits, red and white melon seeds, dried and salted vegetables, cassava chips, jute, canned water chestnuts, dogbane, flax and related products, bamboo and rattan, mosquito-repellent incense, carpets, tea, candles, and all those flowers, birds, insects and fishes.

Huang works through several sub-branches throughout Guangdong Province, gathering and processing this fascinating collection of products, of which the province has long been China's premier source, going back through past centuries of trading.

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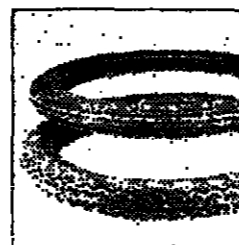
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A General Store of Expertise

By its title, the Guangzhou branch of China's National Chemicals, Machinery, Metals and Minerals Import and Export Corporation should be a very busy concern. And indeed it is.

When we interviewed Mr. Lu Ye Gan, deputy general manager and spokesman for the branch, his office was teeming with activity — people everywhere negotiating sales, purchases and joint ventures in a bewildering variety of products and technologies. And it's been that way from the outset.

The branch began importing and exporting machinery in 1981, when special policies and more flexible trade measures were adopted in Guangdong Province. It is under the jurisdiction of Guangzhou Municipality, although its manufacturing and trading activities reach out beyond the city limits.

Over the years, the branch has been given a very large scope of activities to coordinate. But, as Mr. Lu says, "we

have started with a compact staff of expertise, and as trade grows we shall probably subdivide the work into separate divisions which will be specialized. Our task now is to expand and diversify markets. As we get better known around the world, this is what will happen."

The branch trades principally in machinery, tools, farm implements, fire equipment and mechanical castings. It undertakes processing with supplied materials, assembly with supplied components, and manufacture in accordance with supplied patterns. It also engages in compensation trade. On the metals and minerals side alone, it has an equally wide trade list — metallic manufactures and domestic hardware of ferrous and non-ferrous metals, rare earths, building materials, refractories, etc.

The branch handles imports and exports entrusted to it by other parties on a commission basis, and participates in do-

mestic associated operations and joint ventures with foreign partners. It also helps to introduce advanced technologies and equipment.

The value of the combined import/export turnover of the branch speaks for itself: U.S. \$26 million in 1985, and \$40 million in 1986. Exports alone in those years were \$16 million and \$21 million, respectively.

Lu, a 33-year-old engineer, was in at the beginning of the branch's new life. "We have become a large importer of raw materials — iron ore from Japan and West Germany, rubber from Singapore, Thailand and Malaysia and chemicals from the United States, for instance."

"We have embarked on a strong marketing push," says Mr. Lu. "We are ready to serve anyone who wants anything — we can supply and manufacture. Our designers in the factories work with clients to produce patterns to clients' specifications. We send technicians to a client's country to look into specifications needed to design tailor-made machinery. We fit the machinery to the structure."

Light Industry: Trading over Tea

China's National Light Industrial Products trading corporation is among the oldest of its kind. It was started 31 years ago under the somewhat vague title of "Miscellaneous Import-Export Corporation." Since then, its role in China's trading revival has been better defined, and the Guangzhou branch of the corporation has been given a great deal of autonomy.

The management in Guangzhou has seized the opportunity to modernize not only its products but also its marketing style. This branch is very progressive — the officials are extremely proud of their efficiency and their innovative ideas. For example, its superb "negotiation rooms" can seat two dozen clients at a time in very neat and comfortable surroundings, with good show-rooms and exhibition showcases. And guests are served tea in special tea sets, in the old mandarin manner.

But the style is more than skin deep. Management can guarantee prompt deliveries because it has its own transport facilities. It is more usual in

China for transport to be subcontracted, with the possibility of delays in delivery.

Products exported include bicycles, tires, sewing machines, glassware, flashlights, hardware, detergents, cosmetics, plastic ware, lighting fixtures, household electrical appliances, building materials, shoes, clocks and watches, stationery, sporting goods, musical instruments and toys.

The branch does business with over 400 factories, most of them in Guangzhou and Guangdong Province. The staff numbers over 1,000 employees in seven sub-branches. All told, there are six different business corporations, including two joint-venture transport companies with Hong Kong.

The branch as a whole had a sales volume last year of U.S. \$170 million, which was \$30 million higher than in 1985. Its target export figure for 1987 is \$200 million.

Mr. Liu Xi Bo, deputy general manager and spokesman for the branch, says that the efficiency of the unit is based on a solid infrastructure:

— the negotiation room facilities;

— full international direct dialing facilities, telex and fax machines;

— its own pier and shipping berths, with five of its own vessels of from 4,000 to 5,000 tons;

— its own transport system of 50 vehicles with its own drivers,

together with the Hong Kong transport connection, and storage space of 80,000 square feet.

The branch does business with over 500 suppliers and factories in Guangzhou alone, and serves 4,000 clients outside China. Up till now, the main markets abroad have been those in Asia and other third world countries, but the branch is currently campaigning to open up new markets in Europe, North America and Japan.

The branch's shoes, travel accessories and sporting goods have already had some success in the United States. Staff have been sent to the China Trade Center in New York to research and check marketing outlets and to invite American clients to visit Guangzhou.

Health Products Galore

One of the most colorful aspects of Chinese culture is the centuries-old herbal medicine tradition. The Guangzhou branch of the National Medicines and Health Products trading body has one of the widest ranges of these medicines — and much more. It offers both the old and the new, from well-tried ancient nostrums to today's biochemicals, together with medical apparatus and glassware, surgical dressings, additives for animal feeds, medicated wines, diet drinks, etc. It is also a big importer of the latest medical technology and

sets of medical apparatus and pharmaceutical manufacturing equipment.

Mr. Chen Guang Yuan, head of the branch business office, says: "We have over 33 factories which supply us with goods. We have our own transportation system, processing factory and storage facilities. We trade with 118 countries and regions now, and last year our sales volume increased from 1985 by 30 percent, or close to U.S. \$20 million."

The main markets are still the nearby countries with Chi-

nese populations. Singapore, Malaysia and Hong Kong, for instance, took 76 percent of the total sales. Europe, however, accounted for 22 percent, the main clients for raw materials being West Germany, Holland and Spain.

The branch is actively seeking new markets, familiarizing other parts of the world with Chinese products. "We plan to open up in Canada," says Chen, "with a big ten-day exhibition there in August this year. We meet international standards, and we will guarantee quality."

Duck's Down for Warmth



Mr. Long Pubiao shows off a down-filled garment.

is one of the most active trading corporations in China. The Guangzhou branch for animal by-products, under its manager, Mr. Long Pubiao, has doubled its exports in the last two years, and the secret of its success is the soft down products that are its biggest sellers. It also produces a range of leather shoes, bags and garments along with industrial gloves, etc.

Its down-filled jackets received a Gold Award at a West German exposition last September. The largest order received from one client for one specific design was for 300,000 feather-down jackets for the United States and Canada. "We can produce up to U.S. \$10 million worth of down garments in our 12 factories in Guangzhou," says Mr. Long, proudly.

Another sign of the new China — his branch subcontracts work out to 50 or 60 privately owned factories in the city area. These plants are allowed only on a small scale, but seem to be playing a growing role in the local economy.

The down-filled jacket, padded and cozy, has always been popular with the Chinese, especially in the colder parts of the country. China has long been a source of hides, skins, furs, birdskins, feathers and down in world trade.

The China National Native Produce and Animal By-Products Import and Export Corporation deals in these items and



Unique, Artistic Guangzhou Bonsai.

Guangzhou Bonsai is also known as Lingnan Bonsai, it is an exquisite integration of art and nature, featuring scenery with extreme elegance and natural charm.

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Established 31 years ago, China National Light Industrial Products Imp. & Exp. Corp. Guangzhou Branch has business relationships with more than 100 countries and regions. Our corporation is one of the largest light industrial corporations in the southern part of China, and we are proud to be the largest in Guangzhou city.

Our corporation honours contracts and emphasises the importance of on-time delivery. Within the same administration system, we now have 7 different financially independent companies to handle different kinds of products:

<p>The General Merchandise Co.</p> <p>handles bicycle parts, bicycle tyres & tubes, sewing machines, industrial sewing machines & parts, stainless steel ware which including cutlery & kitchen utensils, glassware, enamel ware, aluminum ware, vacuum flasks, locks, stoves, hardware and lamps.</p>	<p>The Electrical Appliances Co.</p> <p>handles illuminating articles, household electrical appliances which include TV sets, video recorders, radios, audio cassettes, Hi-Fi units, washing machines, refrigerators, air-conditioners, vacuum machines, electric water-heaters, electric fans, electric rice cookers, electric cooking stoves, hair-dryers, irons, and electric shavers. Other products include fluorescent tube ballasts, fluorescent tube starters, fluorescent lighting fixtures, transformers, wires, neon electroscopes, bakelite electric accessories, photographic equipments, building materials and lighting systems.</p>	<p>The Transportation Co.</p> <p>handles the moving of merchandises, land and sea transportations and container business. It has its own fleet of trucks, huge storage go-downs and pier. Goods can be shipped directly from Guangzhou to countries all over the world. Recently, we've set up a joint venture with H.K. based Lain-Fung Transport and Trade Co. to handle Hong Kong-Guangdong transportation business and container business.</p>
<p>The Stationery and Sporting Goods Co.</p> <p>handles paper and paper products, office stationeries, sporting goods, body-building equipments, travelling accessories and various kinds of musical instruments.</p>	<p>The Hats & Shoes Co.</p> <p>handles different kinds of shoes, hats, travelling bags, cases and working gloves.</p>	<p>The Toys Co.</p> <p>handles different variations of toys.</p>

Besides the day to day import & export business, we also welcome supplied materials processing, manufacture of supplied design and product labels, compensation trade and joint ventures.

For further information, please contact:
China National Light Industrial Products Import & Export Corporation, Guangzhou Branch.
Address: 87, The Bund Guangzhou, China Cable: "INDUSTRY" GUANGZHOU Telex: 44378 LECKB CN Tel.: 882101

3 P.M. NYSE Most Actives table with columns for Vol., High, Low, Last, Chg.

Market Sales table with columns for NYSE 3 P.M. volume, NYSE new cons. close, Amex 3 P.M. volume, etc.

NYSE Index table with columns for Composite, Industrials, Utilities, Finance, High, Previous, Low, Close, Today 3 P.M.

Wednesday's NYSE 3pm logo with 'Via The Associated Press' text.

Previous AMEX Diaries table with columns for Declined, Unchanged, New Highs, New Lows.

NASDAQ Index table with columns for Week, Year, Amex, Adv, Decl, Unch, Total.

3 P.M. AMEX Most Actives table with columns for Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials, Prev., Today.

Previous NYSE Diaries table with columns for Advanced, Declined, Unchanged, Total Issues, New Highs, New Lows.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, % of 100, % of 1000, % of 10000.

Dow Jones Averages table with columns for Industrials, Transp., Utilities, Finance, Composite, High, Previous, Low, Close, Today 3 P.M.

Standard & Poor's Index table with columns for High, Previous, Low, Close, Today 3 P.M.

Previous NASDAQ Diary table with columns for Advanced, Declined, Unchanged, Total Issues.

AMEX Stock Index table with columns for High, Previous, Low, Close, Today 3 P.M.

To Our Readers: Because of the seven-hour time difference between New York and Paris until April 5...

Prime Rate Increase Hits NYSE

NEW YORK — Prices on the New York Stock Exchange slipped Wednesday in active early trading, after major U.S. banks announced the first increase in the prime lending rate in nearly three years.

Although most U.S. stock market tables in this edition are from 3 P.M. in New York, for time reasons, this article is based on the market at 2 P.M.

market digested the news that large U.S. banks had raised their prime interest rates to 7 1/2 percent from 7 percent.

The New York Stock Exchange index was down 0.91 point to 164.98. Volume totaled about 131.39 million shares at 2 P.M., up from 120.67 million in the same period Tuesday.

Traders said the surprise moves by the money-center banks surprised but did not overwhelm the market. Interest rates on some business and an increasing number of consumer loans are calculated by adding percentage points to the prime.

12 Month High Low Stock table with columns for Div. Yld. PE, 52 High Low, 3 P.M. Last, Chg.

12 Month High Low Stock table with columns for Div. Yld. PE, 52 High Low, 3 P.M. Last, Chg.

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12 Month High Low Stock table with columns for Div. Yld. PE, 52 High Low, 3 P.M. Last, Chg.

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THURSDAY, APRIL 2, 1987

WALL STREET WATCH

Technical Analysts Look At the Signs and See 2,500

By VARTANIG G. VARTAN

NEW YORK — Any time the stock market takes a terrific jolt — as it did Monday with the Dow Jones industrial average plunging 57.39 points — investors like to know what Wall Street's technical analysts see ahead. These analysts follow indicators measuring the momentum of the market and the sentiment of its participants. Thus, they attempt to forecast by monitoring the past, and they are apt to say things like "The trend is your friend."

Technicians are, by their own admission, far from infallible, and some money managers pay little attention to their findings. But the analysts do have the saving grace of not being bashful about stating their views. A random survey on Tuesday turned up a rather surprising unanimity on what technical analysts envisage as this year's high mark for the Dow, namely a target of about 2,500. And, in terms of their own sentiment, the technicians remain optimistic — but hardly ebullient — over prospects for the remainder of this year.

"Complacency had built up prior to Monday's big drop, and we were ripe for a punch in the nose."

On Tuesday's relatively subdued session, the Dow rose 26.28 points, to 2,504.69. Last Thursday, it set a high of 2,372.59, an advance of more than 23 percent since the end of last year.

"If I had to pick a number about how far the industrial average might dip over the near term, I would select the low 2,200s," said Robert S. Robbins of the Robinson-Humphrey Co. in Atlanta. "I am using 2,500 as the high for this year — sometime within the next six months."

At Prudential-Bache Securities, Joseph A. Feshbach's target is also 2,500, and he expects that to be reached by June 30. One indicator that he views as a clue to the next rally is the rising volume of put options to call options. "That means the ranks of the bears are increasing," he said. "Applying the principle of contrary opinion, it should be a favorable portent for the market."

Ralph J. Acampora of Kidder, Peabody & Co. has raised his sights, too, for the ultimate Dow target this year, to between 2,450 and 2,500. His most likely timetable is the first half of 1987. Until stock prices began to soar in the opening quarter, he had predicted a top range of 2,300 to 2,400.

M. R. ACAMPORA said, "A lot of complacency had built up among investors prior to Monday's big drop, and we were ripe for a punch in the nose. Personally, I would like to see more fear in the market, but I don't expect any major decline ahead."

"Any reaction in coming weeks should be contained between 2,230 and 2,180. You might get that with a further decline in the dollar or any additional sign of escalating trade tensions between the United States and Japan."

For technical analysts to be true to their trade — and to their brokerage firms — they provide specific investment suggestions as well as opinions on where stock prices are heading.

"I keep telling clients the market is going higher and that they should avoid trading," said Mr. Robbins in Atlanta. "This is what I call a buy-and-hold kind of market. On Monday, I advised the purchase of some stocks we like on both a technical and fundamental basis. These include John Harland, Coca-Cola, Georgia-Pacific and Snap-On Tools."

Prudential-Bache's Mr. Feshbach, in suggesting trading ideas for the next several months, picked Champion International, Xerox, Ford, Procter & Gamble, Motorola, International Paper, Walt Disney and International Business Machines.

Mr. Acampora of Kidder, Peabody is also partial to stocks likely to benefit from an improving economy. His favorites

See TECHNICIANS, Page 13

Currency Rates

Table with columns for Currency Rates, including Gold, Silver, and various international currencies like the British Pound, Swiss Franc, and Japanese Yen.

Interest Rates

Table with columns for Interest Rates, including Eurocurrency Deposits, Key Money Rates, Asian Dollar Deposits, U.S. Money Market Funds, and Gold prices.

The Empire Bytes Back: IBM's 2-Pronged Attack

Computer Giant Re-Arms Against Clones and VAX

By David E. Sanger New York Times Service NEW YORK — This is killer week at International Business Machines Corp. In the offices of some of IBM's biggest customers, workers are installing the first of the computer giant's newest midrange computers — the "VAX killers" that IBM hopes will stem the flow of customers to the fast-rising Digital Equipment Corp.'s stunningly successful VAX minicomputers. And in New York and Miami on Thursday, before an audience

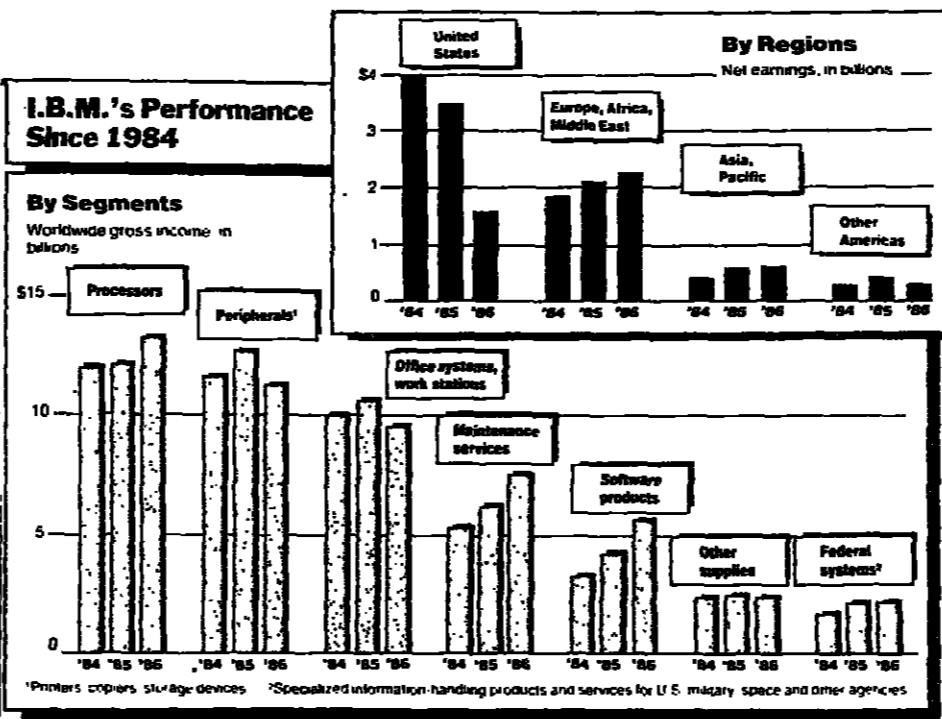
IBM promotes its European chairman. Page 15.

of thousands of computer dealers, software authors, financial analysts and reporters, IBM will finally introduce one of its worst-kept corporate secrets: the long-awaited new generation of personal computers that many call the computer giant's "clone killers."

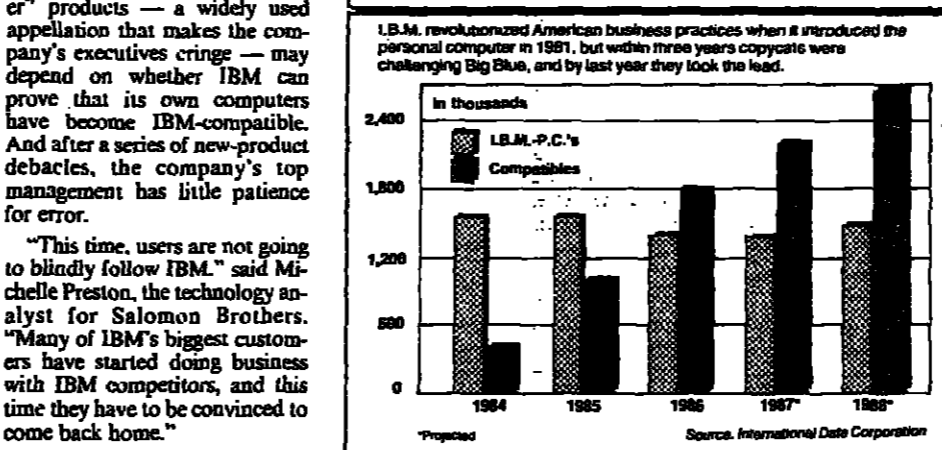
The new machines mark the first complete overhaul of IBM's PC line since it entered the business in 1981. And clearly, the corporate giant is counting on them to reverse its alarming loss of market share to a variety of low-cost Asian imitators.

A few years ago, the shipment of two such disparate computer systems, intended for different users, would have been wholly unrelated events. But today success on both fronts is critical if IBM hopes to regain its momentum after two years of declining earnings.

And even the products themselves are linked, or must be in the future: The company's top priority is to convince customers that it is finally making sense of a dizzying array of work stations, minicomputers and mainframes that often cannot communicate



Clones Surging Past I.B.M. PC's



enormously successful System/370 mainframes that are still the heart of IBM's product line. Thus, it is familiar to companies that are looking for a computer that can serve small departments and work groups, without rewriting the millions of lines of software code many of these companies use for their mainframes. "People who have a heavy ori-

Commerzbank Profit Rose to Record in 1986

By Ferdinand Protzman International Herald Tribune FRANKFURT — Commerzbank AG said Wednesday that group and parent bank operating profit rose to record levels in 1986 for the second consecutive year, although the Deutsche mark's strength hurt results from foreign operations. But Walter Seipp, managing board chairman at West Germany's third largest universal bank, said earnings were likely to decline in 1987.

While West German banks do not release their operating profit, Mr. Seipp has said that 1985 group operating profit was around 1.5 billion Deutsche marks (\$83 million at current exchange rates) and the parent bank's operating profit about 1 billion DM.

Operating profit of West German banks consists of earnings from lending, commission and fee income and profit from trading on the bank's own account. Net group profit rose 18 percent

to 408 million DM in 1986 from 346 million DM the previous year. The parent bank has already reported that net profit rose 29.9 percent to 288.2 million DM and that the annual dividend was increased to 9 DM a share from 8 DM.

Profits of 11 Foreign Banks Dropped 83% in Indonesia

Agence France-Press JAKARTA — The combined rupiah earnings for 11 foreign banks in Indonesia were reduced by 83 percent in 1986 and 3 banks reported losses as the economy had its worst downturn in 20 years, according to a report published on Wednesday.

The Association of National Private Banks, known as Perbanas, said in the report that Bank of America accounted for most of the losses. It had losses of 32 billion rupiah (\$19.5 million) in 1986, more than nine times its deficit the previous year.

Citibank had a loss of 480 million rupiah and lost its place as the largest foreign bank in terms of assets to the Bank of Tokyo, the report said. The third bank with a deficit was Bangkok Bank.

Perbanas said the overall profits of all 112 banks in Indonesia, including the 11 foreign banks, rose by 28.6 percent in rupiah terms to 495 billion rupiah. But profits fell by 13 percent in dollar terms.

Advertisement for KONINKLIJKE NEDLLOYD GROEP N.V. (Rotterdam, The Netherlands) featuring Dfls 150,000,000 6 1/2% Dual Currency (Dfls/US\$) Bonds 1987 due 1992. Lists various banks including Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., Bank Mees & Hope NV, Citicorp Investment Bank (The Netherlands) N.V., Rabobank Nederland, Nederlandsche Middenstandsbank nv, and Pierson, Heldring & Pierson N.V.

Advertisement for CORUM watches, featuring a large image of a watch and the text: 'The Romulus. An exclusive creation of watchmaking art. In London. Asprey. 165-169 New Bond Street London W1Y 0AR. 01-493 6767. And at the finest jewellers in the world. For information, write to: Corum, rue du Petit-Château, 2300 La Chaux-de-Fonds, Switzerland. All prices in U.S. dollars. Source: Reuters. 167'

More U.S. Banks Raise Prime Rate to 7.75%

The Associated Press NEW YORK — Major U.S. banks Wednesday joined Citibank in raising their prime lending rate by one-quarter point to 7.75 percent, the first increase in the base lending rate since mid-1984. The increases caught the industry and the credit markets by surprise and indicated that banks expected a wide range of credit costs to move higher.

lizing the battered dollar, thus limiting chances of renewed inflation. A lower dollar, while making U.S. exports cheaper, also pushes up the price of imports, and can increase the cost of credit by making dollar investments less attractive to overseas buyers. The rate increase came as many credit market analysts were speculating that the Fed itself might need to push interest rates higher to support the dollar on foreign exchanges.

The dollar was stronger in dull European trading. Page 15.

Bankers Trust, and several others. The prime rate, used as a base to set interest rates on a variety of corporate and consumer loans, had stood at 7.5 percent since Aug. 26, when it was cut from 8 percent. The rate had not been increased since June 25, 1984, when banks raised the prime to 13 percent from 12.5 percent. The surprise move on Tuesday shook the credit markets, pushing prices of U.S. government securities sharply lower. However prices recovered on Wednesday, and some analysts said the Federal Reserve would welcome the small prime increase as a means of stabilizing the battered dollar, thus limiting chances of renewed inflation.

In this atmosphere, they said the prime rate increase reflected the banks' expectations that short-term market rates were unlikely to move lower in the near future. "It [the prime rate increase] is not something you're going to do for a day or a week," said one bank economist, who asked not to be identified. "You're really projecting the direction of interest rates." But others said the banks were reacting to rate pressure caused by increases in their cost of funds, especially as a greater number of their loans to consumers are now pegged to the prime. Gordon Pys, senior vice president of Irving Trust Co., another New York bank, noted that the rates on 90-day certificates of deposit had risen from around 5.70 percent last fall to 6.45 percent on Monday. Given that rise, a prime rate increase was "not really too surprising," he said. The dollar, which had fallen sharply against other currencies in recent days, rebounded slightly after the prime rate announcements.

IMF's Growth Forecast For West Drops to 2.5%

WASHINGTON — The International Monetary Fund now predicts that the economies of the major industrial nations will grow a sluggish 2.5 percent in 1987, compared with growth of more than 3 percent forecast six months ago, monetary sources said Wednesday. The forecasts, prepared by the IMF staff, will form the basis of a discussions next week on economic policy coordination by officials of the leading industrial nations.

Washington has urged both nations to improve domestic economic growth to help reduce the huge gap between their trade surpluses and the record U.S. trade deficit. Poor economic growth figures in all three nations are likely to do little to reassure currency markets. In recent days, the dollar has come under heavy selling pressure as markets have begun to doubt that Bonn and Tokyo will take early action.

The sources said the IMF forecasts overall growth in developing nations of around 3 percent this year, with those in the Western Hemisphere expanding 3.3 percent. In its recent annual report, the Inter-American Development Bank said the economies of Latin American debtor nations needed to expand between 4 percent and 5 percent this year to service their \$382 billion of foreign debt.

Western officials maintain that the industrial world needs to expand at least 3 percent annually, compared with the IMF prediction of 2.5 percent, in order to support the exports of debtor nations. The IMF put overall global growth at about 2.8 percent and output in the seven leading industrial nations at around 2.5 percent. The seven are the United States, Japan, West Germany, Britain, France, Italy and Canada. The prediction for their growth also averaged about 2.5 percent in 1987.

BUSINESS ROUNDUP

Sweden's Boliden to Buy Allis Machinery Units

By Juris Kaza
Special to the Herald Tribune
STOCKHOLM — Boliden AB said Wednesday that it had agreed to acquire the mining machinery business of financially troubled Allis-Chalmers Corp. for 600 million kronor (\$95 million).

GM Receives Canadian Loan, Promises Not to Close Plant

By John F. Burns
New York Times Service
TORONTO — In a move likely to stir opposition in the United States, General Motors of Canada Ltd. has received an interest-free 220 million Canadian dollar (\$167 million) loan from the governments of Canada and Quebec for guaranteeing the continued operation of an auto plant.

Ajinomoto Buys CPC Asian Stake At \$340 Million

By Reuters
INGLEWOOD CLIFFS, New Jersey — CPC International Inc., the U.S. foods group, said Wednesday that it had agreed in principle to sell interests in its grocery products operations in Asia to Ajinomoto Co. for \$340 million.

COMPANY NOTES

BSN, the French food and beverage group, said it had bought control of the Italian pasta producer Mantovano, making it the second largest pasta company in Italy. No financial details were given. BSN bought a stake last year in the Italian pasta maker Agnesi, and this year it bought shares in Ghigi.

Shandwick Pays \$15 Million To Acquire Rogers & Cowan

Compiled by Our Staff From Dispatches
LOS ANGELES — Shandwick PLC, Britain's largest public relations operation, has bought Rogers & Cowan, the fifth largest independent U.S. public relations company, for an estimated \$15 million.

O'Connor Rejects Injunction, Lets Delta Merger Proceed

By Reuters
WASHINGTON — Supreme Court Justice Sandra Day O'Connor has allowed the final steps of the \$860 million merger of Delta Airlines Inc. and Western Airlines to proceed on schedule, just hours after a San Francisco appeals court blocked the consolidation.

Toshiba to Enter Communications Market in U.K.

By Reuters
LONDON — Toshiba Information Systems (U.K.) Ltd., a unit of Toshiba Corp., said Wednesday that it planned to enter Britain's business facsimile and telephone market, and forecast sales of £100 million (\$160 million) by 1990.

A managed investment in international trade

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CONVOCAION A L'ASSEMBLEE GENERALE EXTRAORDINAIRE
Les participants de Pareurope Growth sont priés d'assister à l'assemblée générale extraordinaire qui se réunira le vendredi 17 avril 1987 à 11 heures afin de délibérer, dans le cadre de l'article 36.2 de la loi luxembourgeoise sur les organismes de placement collectif, sur l'ordre du jour suivant:

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Gellertstrasse 18, CH-4052 Basel, Switzerland
Tel: (061) 42 23 77
Fax: (061) 42 23 72

TECHNICIANS: 2,500 Ahead
(Continued from first finance page)
include Champion International, James River, General Motors, Johnson & Johnson, Warner-Lambert, Union Pacific, Burlington Northern, Procter & Gamble, Colgate-Palmolive and IBM.

F.I.F. INTERNATIONAL
A DIVERSIFIED LUXEMBOURG MUTUAL FUND
NOTICE TO SHAREHOLDERS
ISSUE OF INCOME SHARES
The management company's Board of Directors has decided to divide the shares into two classes, A and B. Annual dividends will be paid on the class A shares while the income accruing to the class B shares will be capitalized.

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The undersigned announces that the Annual Report 1986 of Matsushita Electric Industrial Co., Ltd. will be available in Amsterdam at Pierson, Holding & Pierson N.V.

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The undersigned announces that as from 7th April 1987 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, 400,000 CDRs of the Ingersoll-Rand Company, 5 shares, will be issued.

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Wednesdays AMEX 3pm Via The Associated Press

Table of stock market data including AMEX, NYSE, and NASDAQ listings with columns for stock names, prices, and volume.

Table of international stock market data including various foreign exchanges and currencies.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 1st April 1987. Table listing various international funds and their performance metrics.

Financial advertisement for MIM BRITANNIA OKASAN GLOBAL STRATEGY FUND. Includes sections for Floating-Rate Notes, Dollars, Pounds Sterling, Deutsche Marks, and Japanese Yen. Also contains a notice of annual general meeting.

Large vertical advertisement on the right edge of the page, partially cut off, featuring 'DOLLAR FIRE' and 'WEDNESDAY OTC' logos.

Dollar Firms in Listless Trading

LONDON — The dollar strengthened in dull European trading Wednesday as an overnight rally in the Far East left bears shy of the market. At the same time, only a few dealers were persuaded to actively buy the U.S. currency.

London Dollar Rates table with columns for currency, rate, and change.

est rates to 7.75 percent from 7.5 percent. Dealers said the market was waiting for further congressional testimony from the U.S. Treasury secretary, James A. Baker 3d, to give a clue about the Reagan administration's current stance on exchange rates.

Baker Sheds No Light on Dollar's Path

By Hobart Rowen Washington Post Service WASHINGTON — Questions remain about the durability of the currency stability agreement reached last month in Paris by six leading industrial nations, despite Treasury Secretary James A. Baker 3d's renewed commitment to the pact this week.

IBM Promotes Its European Chief, Cassani

By Arthur Higbee International Business Machines Corp. has promoted Kaspar V. Cassani, chairman of IBM Europe, to executive vice president in charge of all foreign development, manufacturing and sales and most U.S. domestic sales.

Mr. Cassani will take over most of the responsibilities of Paul J. Rizzo, 59, who will retire as vice chairman to become dean of the business school at the University of North Carolina at Chapel Hill.

Mr. Cassani, 58, a Swiss national, will move from IBM Europe's Paris base to corporate headquarters at Armonk, New York. IBM sales by Mr. Cassani's Europe-Middle East-Africa division have been one of the brighter spots on IBM's financial report in the past two years.

To Our Readers

Please send information about management changes to: Business People International Herald Tribune 181 av. Charles de Gaulle 92200 Neuilly Cedex France or: Telex 612-718 Fax 4637-9370

CHIPS: U.K. Warns Japan on Trade, Talks Set in U.S.

(Continued from Page 1) a license to operate as an alternative international telephone service in Japan. The official said possible retaliation might come in three areas: In the financial services field, where the government has the power to revoke banking licenses of Japanese firms.

Financial Services Act — to revoke the licenses of Japanese financial service companies operating here. If British firms are not allowed to operate freely in Japan, the British trade official said. But the official cautioned that any retaliatory measures would be deferred until the Japanese government clarifies its position on the Cable & Wireless case.

IBM: The Empire Bytes Back Against Clones, VAX to Regain Market Share

(Continued from first finance page) IBM's problem lies in the fact that sales of midrange computers, often used to facilitate communications or to tie PCs together, are growing far faster than sales of mainframes or personal computers. And in the absence of effective IBM networking systems to link out to the new IBM initiative is a statement of direction, not a product. "We are shipping today the products that IBM is saying will follow soon," said Henry Ancona, Digital's vice president of business and office information systems.

IBM's first goal is straightforward: to send a raft of low-cost clones, from Leading Edge to Blue Chip, back to the development laboratory.

publishing slick pamphlets that directly compare the performance of VAX with the 9370 — a direct attack on the competition that IBM executives once viewed as unseemly. "I've never seen anything quite like it from IBM," said Frank Genas, a consultant with International Data Corp. in Framingham, Massachusetts. "Their salesmen used to be instructed even to utter a competitor's name."

Sweden to Raise Tax on Gasoline and Oil to Boost Military Budget

STOCKHOLM — Sweden said Wednesday that it will raise taxes on gasoline and heating oil beginning July 1 to help finance a 1.7 percent increase in military spending over the next five years. The Finance Ministry said the increase should raise the price of gasoline by 13 cents (2 cents) to an average of 4.21 kronor per liter. It said oil companies should absorb part of the tax increase and not pass it on to consumers.

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Wednesday's OTC Prices table with columns for stock, price, and change.

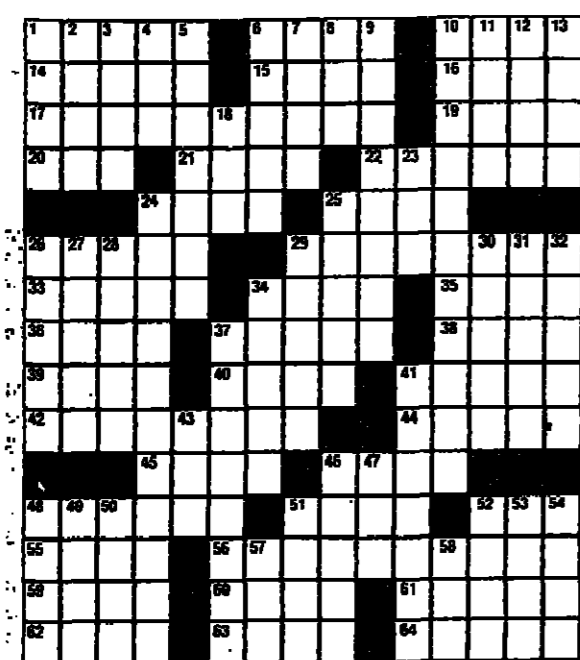
Market data table with columns for stock, price, and change.

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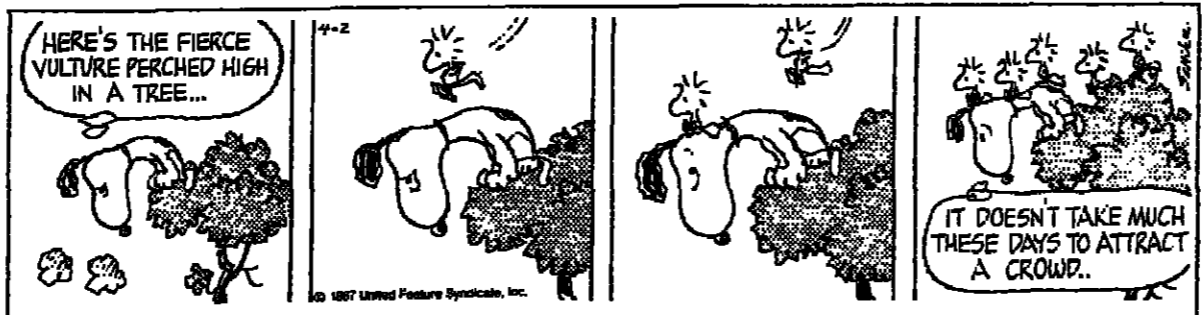
Market data table with columns for stock, price, and change.

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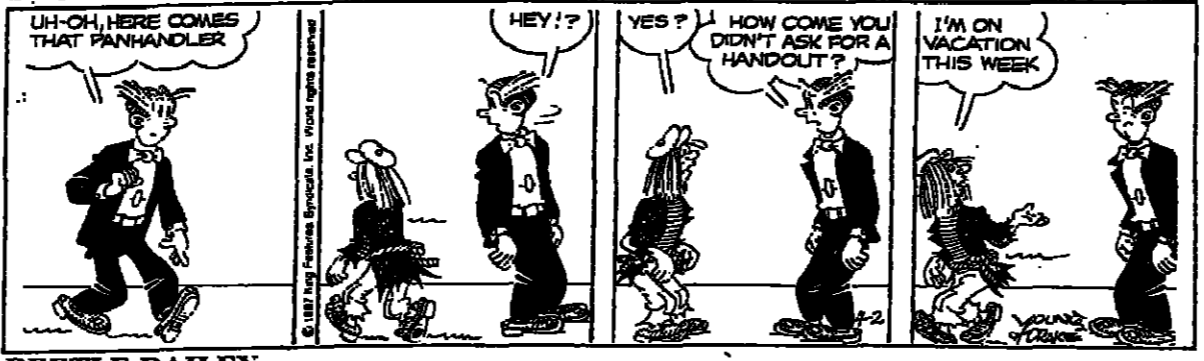


CROSSWORD puzzle clues including '46 Cold-shoulder', '1 Main artery', '17 Statesman', etc.

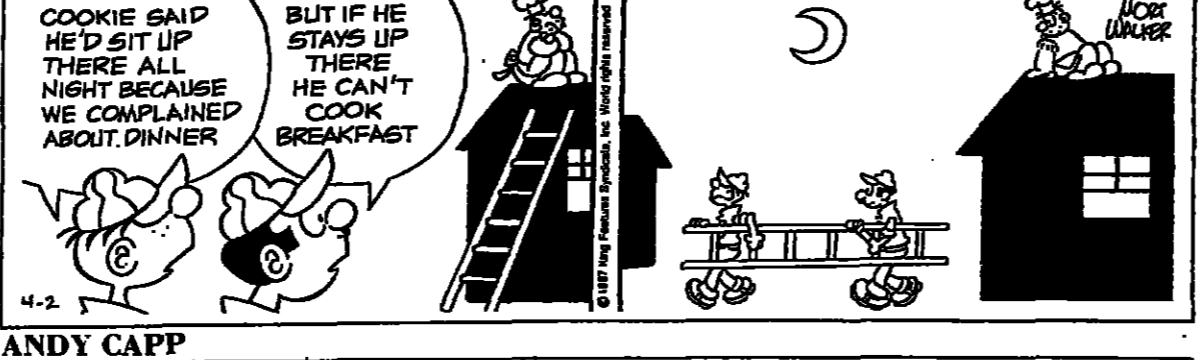
PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



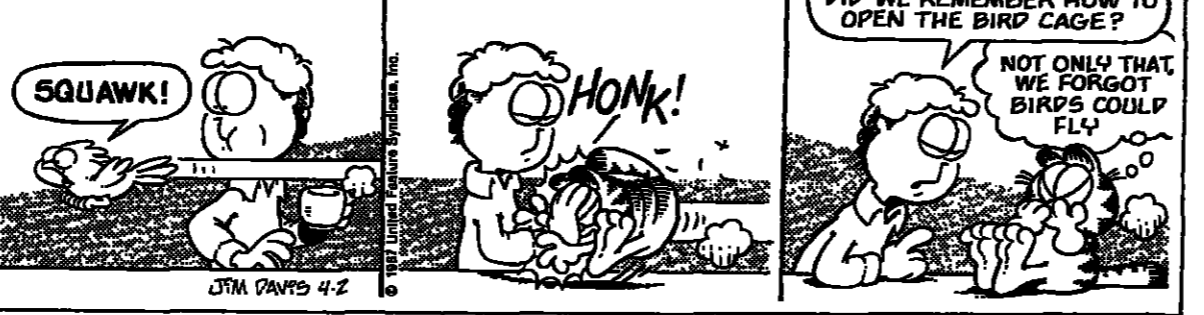
DENNIS THE MENACE



REX MORGAN



GARFIELD



JUMBLE

Jumble puzzle instructions and a grid of letters.

WEATHER

Weather forecast table for Europe, Africa, Latin America, North America, Middle East, and Oceania.

World Stock Markets

World Stock Markets table showing closing prices in local currencies for various regions.

BOOKS

OUT IN THE MIDDAY SUN: My Kenya

By Elspeth Huxley. Illustrated. 262 pages. \$18.95. Viking Inc., 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Michiko Kakutani

For some reason, the result has been exemplary literature: most notably 'Out of Africa' and 'Shadows on the Grass' and 'West With the Night'.

and then disrupt it." Less than a century ago, she adds, a ship "to be packed in layers, one ed aboard a ship so there would have been no room to move."

Certainly as recounted by Huxley, the hardships endured by the settlers of her parents' generation were daunting ones: locusts, killing cold waves, bouts with smallpox, flu and the plague and occasional blood-curdling murders on their minds.

In many cases, these were people used to comfortable if not downright luxurious lives, and the contrast between their lives back home and the crudeness of the conditions they found in Kenya could make for some startling incongruities.

For all its anecdotes about the eccentricities of Kenya's wealthier whites, however, 'Out in the Midday Sun' does not focus on the antics of the so-called Happy Valley set.

Kenya, after all, was a frontier, and like all frontiers, it became a magnet for all manner of adventurers, missionaries, con men and visionaries who dreamed of starting a new life here under the hot equatorial sun.

Whether or not they were able to achieve their dreams, most of these people stayed on (at least through independence), and whatever their initial reasons for coming, they stayed on — as Huxley persuasively demonstrates — because they fell in love with the land.

Michiko Kakutani is on the staff of the New York Times.

Solution to Previous Puzzle

TWO PARIS GOOF OOLA AMISH NINE TNEGAGNE TISE ETOILE STROKES NIOP PIC REVONDER ALASKA OVA EELERS ROAN PANGS IGO DCCLI EDEN EDIBLE LES DESIGN NOITCELE TAJ TSAR FORGOOD SCORES VEGA YOLOHCTSP CART EPSOM KENO RTES DUANE

BRIDGE

By Alan Truscort not die in three spades. Notice that the three-club opening was an eccentric effort prompted by the favorable vulnerability.

Burton as South had a number of possible playing plans. He demonstrated that it was possible to make an overtrick. After winning the club lead with the ace, he entered his hand with the spade ace and ruffed a club.

He then ran the heart queen successfully and led to the heart ace. Another club was ruffed, and he was surprised not to be overtricked. He then led another heart, ruffing East's king with the nine, which led.

Burton cashed the spade king and led another trump. East had to win and lead diamonds, bringing dummy's hearts back to life. When you work for 10 tricks you sometimes make 11.

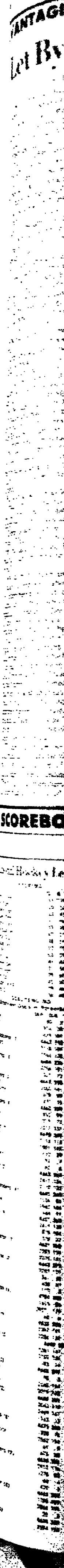
Bridge score table showing North-South and East-West scores.

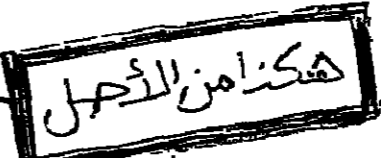
Table with columns for North, South, East, West and scores.

Table with columns for TSE 300 Index, Close, Previous.

Table with columns for TSE 300 Index, Close, Previous.

Table with columns for TSE 300 Index, Close, Previous.





SPORTS

For Hoosier Seniors, Victory Means the Ring of Truth

By John Feinstein

Washington Post Service

never had the toughness Knight... That's why I wanted to play for Coach Knight...

Thomas, with considerable help from Garrett and Monday's hero, Keith Smart, found a way. And they got help elsewhere.

There was Joe Hillman, a prolific high school scorer who in college has become a floor leader and an excellent defender.

He talked about Meier. He talked about looking down the bench in the final seconds of the loss and seeing tears rolling down Meier's cheeks.

VANTAGE POINT/Dave Anderson 'Let Bygones' Buy a Book

New York Times Service

NEW YORK — During the nightly news conferences at the America's Cup final in Australia...



Dennis Conner

When the audience laughed, Conner really smiled. "Upstaged by a dog?" he asked quickly. "That's why I got rid of Liberty."

at the NYCC club that he has won the cup for the San Diego Yacht Club, it should be remembered that he remains a NYCC member.

Conner also dabbled in foreign intrigue when New Zealand threatened to help the Kookaburra III syndicate, in defiance of an agreement among the challengers.

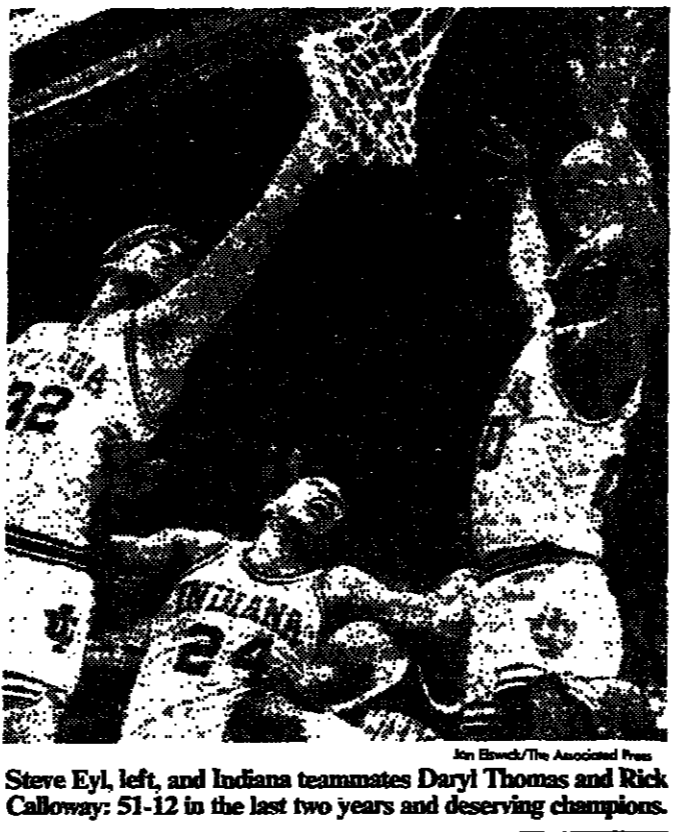
"We certainly tried to pressure them to change their mind or at the very least, to stay neutral," he writes. "We even had a very high official in the U.S. government try to influence the Kiwis."

"Then I thought to go to Trump, and if he gave us \$2 million we'd call the boat Trump Card. If I had scored with Trump, I would have gone to the other Atlantic City casino operators and had them kick in another \$9 million."

Trump later contributed to Conner's syndicate and picked up the tab for the parade of the skipper and the crew up Fifth Avenue.

That's the same skipper who asked to let bygones be bygones.

By John Feinstein... never had the toughness Knight... That's why I wanted to play for Coach Knight...



Steve Eyl, left, and Indiana teammates Daryl Thomas and Rick Calloway: 51-12 in the last two years and deserving champions.

On the Way (Maybe): Global Football

By Bob Oates

Los Angeles Times Service

LOS ANGELES — People have been starting new football leagues, or threatening to, for most of the century.

In 1919, the National Football League has been opposed by four or five American Football Leagues plus others bearing such titles as All-American, World, and United States.

In Chicago, Charlie O. Finley, the inventor of the designated hitter and the builder of three World Series champions with the Oakland A's in the early 1970s, said he had dropped plans to merge nine Canadian Football League teams with nine from the United States.

"We haven't abandoned the idea of a new fall league," Finley said. "We just won't be involved with the CFL."

mistakes that killed the USFL," he said. "The argument over playing in the spring or fall destroyed their credibility. Before that, the USFL averaged TV ratings of 5.5 and 6. They averaged crowds of 20,000 and 25,000."

"Compared to the NFL, those figures are low. But compared to everything else, particularly everything on TV in the spring, they're excellent. Sponsors are anxious for 5.5 programming in spring sports."

Financially, Dixon holds that no new league can make it unless its owners are restrained from bidding against the NFL for players — "which the USFL did in a misguided effort to force a merger."

Dixon proposes two radical features. Each owner would own a share of the league — instead of an individual club. And all costs would be controlled by the league office.

Each owner would have a seat on the board and an equal voice in league management.

Assuming a television package, backlogs would be lifted when 50 percent to 60 percent of the seats have been sold.

Franchises for major markets on the basis of natural rivalries — two in Texas, two in Florida, two in California, two in the East (New York and Boston) and two in the Midwest (Chicago and Detroit).

The teams in England would be in London in the south and Manchester or Birmingham, or both, in the north. Said Dixon: "Los Angeles vs. London sounds exciting."

SCOREBOARD Hockey

National Hockey League Leaders

Table with columns for Player, Team, Goals, Assists, Points, etc.

NHL Standings

Table showing NHL team standings by division: Eastern, Western, Campbell, and Smythe.

Tennis Leaders

Table listing tennis players and their performance statistics.

Transition

BASEBALL American League... BOSTON — Announced that Buddy L... CHICAGO — Released Scott Nelson...

Exhibition Baseball

Table showing exhibition baseball results for various teams.

NBA Standings

NBA Leaders

Table showing NBA team standings by conference: Eastern, Western, and Pacific.

Transition

BASEBALL American League... BOSTON — Announced that Buddy L... CHICAGO — Released Scott Nelson...

Exhibition Baseball

Table showing exhibition baseball results for various teams.

Youth, Age Bloom in Baseball Camps

ORLANDO, Florida — Springtime is a period of rejuvenation and blossoming.

SPRING TRAINING NOTES

Blossoming. Witness 42-year-old Craig Nettles and 24-year-old Devon White.

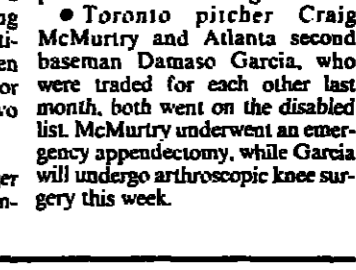
Medical Report

New York Met reliever Roger McDowell was in satisfactory condition after undergoing routine hernia surgery.

SPORTS BRIEFS

NHL North Stars Fire Coach Henning

BLOOMINGTON, Minnesota (AP) — The Minnesota North Stars fired Coach Lorne Henning late Tuesday and replaced him on an interim basis with Glen Sonmor.



Lorne Henning

Fiesta Bowl's Is Record for Net Payout

PHOENIX, Arizona (AP) — The Fiesta Bowl game between Penn State and Miami for college football's 1986 national championship set records for net payouts to the two teams and for economic impact and television viewership by households.

Quotable

Lawyer Sam Reich on representing baseball players in salary arbitration: "It's a lawyer's dream. You compress a weeklong trial that might have several thousand dollars at stake into three hours during which there are hundreds of thousands of dollars on the table."

Met pitcher David Cone

Met pitcher David Cone...

ART BUCHWALD

The Cost of a Phone Call

WASHINGTON — My favorite AT&T advertisement shows a gray-haired man and woman...



Buchwald

I came into the Dalinsky house and Marian was throwing ketchup on bottles of Harry, who was ducking behind the sofa...

Christie's Profits

LONDON — Christie's, the auction house, has announced that its pre-tax profits rose to £18.25 million in 1986...

"Harry, what on earth are you doing calling your childhood sweetheart after being married for 47 years?"

"I was reading an advertisement in this magazine and it said you could call the girl of your dreams for 64 cents..."

"Hold it," I said as Marian was about to speak Harry with a floor lamp. "I want to know what Mathilda said when you got her on the phone..."

"I'm not sure because at that moment Marian took the palm tree out of the planter and shoved it down my pants..."

"The phone company has been doing some weird things lately. I wouldn't be surprised if they ran an ad soon suggesting that divorced people call their ex-spouses up and yell at each other..."

Nicaragua: Poetry, Power and Freedom

By Francisco Goldman

MANAGUA — Sergio Ramirez Mercado, the vice president of Nicaragua, has written a new book. It is his first literary work since the revolution...



The novelist Sergio Ramirez Mercado, left, Nicaragua's vice president, with President Daniel Ortega Saavedra.

In a 1984 essay published in a Mexican magazine, Cuadra wrote of the "Stalinization" of the Nicaraguan arts under Sandinist rule...

For artists who have reached a level of accomplishment, the workshops pressure developing writers into writing politicized propagandistic verse...

At the association's headquarters in Managua, poets, painters, dancers and the like are provided opportunities to pursue their arts...

Through the Ministry of Culture's poetry workshops, hundreds of "common people" have become involved in the country's cultural life...

superb and nationalist poet, but says that Cuadra, prior to 1979, had "a romantic notion" of the Sandinist front...

"The Sandinista revolution had the whole world on its side," says Cuadra. "We had a chance to mark out a true 'Nicaraguanidad'..."

Ramirez, once "a good friend," has been, says Cuadra, "one of the surprises of my life." Instead of exerting a moderating influence...

For the last year Ramirez has been working on a novel, one that, he says, "has nothing to do with politics..."

Francisco Goldman, a contributing editor of Harper's magazine, is writing a novel set in Central America. This was excerpted from The New York Times Magazine.

PEOPLE

Dad Says Boris Becker Will Do Military Duty

Boris Becker may be in a West German military uniform instead of tennis togs before long, Becker, 19, does not have to go into the army because he has a legal residence in Monaco...

The marital dispute between the "Dynasty" star Joan Collins and her estranged husband, Peter Holm, appears to be headed back to court...

Ronald and Nancy Reagan, joined by a celebrity-studded guest list, honored visiting Prime Minister Jacques Chirac of France...

Prince Edward, son of Queen Elizabeth II, showed up in disguise at a radio studio to help a disc jockey play an April Fool's joke...

Prince Edward, son of Queen Elizabeth II, showed up in disguise at a radio studio to help a disc jockey play an April Fool's joke...

ANNOUNCEMENTS MOVING INTERNATIONAL CLASSIFIED

ANNOUNCEMENTS MOVING section containing various notices and moving services.

INTERNATIONAL CLASSIFIED section containing real estate, employment, and business opportunities.

MAKE A FORTUNE 124th AUSTRIAN NATIONAL LOTTERY advertisement with ticket prices and prizes.

International Business Message Center advertisement listing various business services and contact information.

Vertical sidebar advertisements on the right edge of the page, including 'Klondike', 'Windsor', and 'Appeal on Bank'.